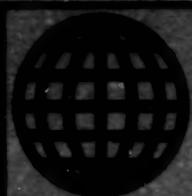


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CONTENTS

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Summaries in English of Major Articles [pp 158-159]	1
FOREIGN ACADEMIC THOUGHT	
Conceptual Changes in Socialist Theory [M. Brir; pp 27-34]	2
Comparative Political, Ideological Development of the PRC and USSR [K. Pleshakov, D. Furman; pp 35-41]	9
PROBLEMS OF THE INTEGRAL WORLD	
MEMO Roundtable on the Theory of a Universal Economy [pp 58-72]	17
INTERNATIONAL ROUNDTABLE	
International Roundtable on Modernization of Modern Societies [pp 82-94]	30
SURVEYS, INFORMATION	
Swedish Aid to, Trade with Third World Countries [O. Vertanova; pp 112-117]	36
ECONOMIC MONITOR	
Comparison of U.S., Soviet Public Debt, Personal Savings [L. Grigoryev; p 134]	41
BOOK REVIEWS	
Book on Military-Political Aspects of World Security Reviewed [S. Blagovolin; pp 128-131]	42
Review of Book on Government, Industry, Unification in US Science [A. Ardashvili, A. Dynkin; pp 136-137]	44
Bibliographic Information on Book Reviewers [p 141]	46
List of Books Recently Published [pp 141-142]	46
Articles in MEMO Not Translated [pp 1-2]	48
Publication Data [p 159]	48

World Economics & International Relations

No 12, December 1989

Summaries in English of Major Articles

904M0007A Moscow: *MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA* in Russian
No 12, Dec 89 pp 158-159

[Text] F. HAYEK: "Competition as a Discovery Procedure."

F. HAYEK: "Competition as a Discovery Procedure." Under this heading, the journal publishes a lecture given by an outstanding scholar, one of the founders of an economic school of thought in the West and a Nobel prize winner Friedrich von Hayek. The author points out that the states with economy driven by competition are eventually more successful in reaching their goals. In fact, states the author, market economy will always have advantages as compared to any other alternative social mechanisms. The author suggests that market prices usually help individuals to discover particular goods and services that are in demand. The results of such a discovery are, by their nature, unpredictable and they only show that someone might have more chances for success than others.

F. Hayek criticizes policies aimed at adjusting prices and incomes for the benefit of the so-called "social justice". Whatever the motivations of such policies, they have only one purpose—to protect certain groups of population from the inevitable decline of their financial status in absolute or relative terms. However, the principle of social justice, when implemented, can only undermine the market order. Not only the continuous growth, but even maintaining the existing level of income requires the ability to adjust to unforeseeable changes. Therefore any income-oriented policy often creates obstacles, rather than promotes changes in the structure of prices required to adapt system to the new circumstances. In author's view, the administrative rule should confine itself to protecting private initiative and entrepreneurship from various restrictions imposed by the society.

R. KAPELIUSHNIKOV: "F. Hayek and his Philosophy of the Market." The author describes the biography of the well-known Western economist, mentions his main works and research activities. In the 1930s and 1960s the ideas of F. Hayek were considered by many scholars in the West as obsolete and outdated. However in 1974 the scholar was awarded a Nobel prize for his economic studies. The crisis of a "welfare state" and of the Keynesian macroeconomic methods, sharply criticized by F. Hayek, has drawn attention to his works. The process of stagflation has also confirmed many of his predictions. The experience of 1970-80s has shown that the increase of state interference has certain limits,

beyond which it turns into a real threat to the normal functioning of the market system. Together with M. Friedman, F. Hayek was seen as a mastermind behind the neoconservative turn in the economic policy of the Western countries. Certain differences in the views of both scholars are discussed in the article.

The author gives account of the major ideas promoted by F. Hayek, such as competition and scientific method, the notion of "spontaneous order", the use of knowledge in society, his criticism of centralized planning, the concept of socio-cultural evolution, his position regarding the principles of social justice, the rule of law, state and politics, etc. A number of concepts are critically analysed by the author. Speaking on the "social engineering" fever in this country, the author suggests that numerous scholars that come forward with their projects aimed at transforming the economy do not seem to realize that they are dealing with a live, self-organized matter which can react in many different ways. The author emphasizes that gross interference into the life of an economic mechanism can only disrupt its vital internal links.

MICHAEL BRIE: "On the Conceptual Changes in the Theory of Socialism". The author points out that due to the radical changes taking place in the socialist countries, further adjustment of the main concepts of the existing theory of socialism to the present-day conditions is no longer feasible. Many of the theoretical provisions concerning our era in general and imperialism in particular have become outdated and need revising. There is also a clear necessity in renewing the conceptual model of socialism. Without these changes it would be hardly possible to study socialism and to provide for its progressive development.

The author criticizes the dominating form of socialization—the total control of the state over productive forces and relations of production, which was established in the USSR in the late 1920s. The principle shortcoming of the former concept of socialism is its inability to dialectically absorb certain achievements of capitalism which provides for greater freedoms for the individual. The new theoretical concept of socialism should be based on the idea of creating conditions for the development of social, collective and individual subjects which would be, first, interested and, second, able to cooperate and compete with modern capitalism in realizing forthcoming revolutionary changes in the productive forces and in solving the global problems of today. Certain sections of the article are devoted to the issues of socialization and productive forces, relations of production and ownership, the role of power, democracy and glasnost in the process of socialist renovation.

C. PLESHAKOV, D. FURMAN: "China and the Soviet Union: the Common and Specific Features of Their Socio-Political and Ideological Development." The

article represents an attempt to compare those elements in the historical development of the two countries in a post-revolution period, which are, by their nature, either common, or specific. The authors show, that both countries often passed through similar developmental cycles at different periods of time, which was a major cause of tension and conflict between them. For these purposes the article deals with the three main phases of development of these countries. The first phase starts after the victory of revolutionary people in the civil war and covers the period from 1917 to late 1920s in the USSR and 1949-56 in China. This period is characterized by great enthusiasm among the masses, since revolutions brought about certain tangible results, e.g. elimination of oppressive regimes. At these stage the leadership, supported by the people, has a firm grip of power and is pursuing progressive policies, allowing for greater individual and economic freedom.

The new phase, "a mature dogmatic society", has all the formal signs of socialism. The private property is abolished, the new "command methods of economic management" are used. The developments are accompanied in both countries by the struggle for absolute leadership, ending up with personality cults of Stalin and Mao. Dogmatic ideology vigorously suppresses all possible dissent and permeate every cultural and spiritual aspect of life. By the time the Soviet Union enters the third stage (the Khrushchev years), China is still living through the second stage. Hence, the USSR turns into the "No. 1 enemy." The authors point out several differences between the two countries at the third, "reformist", stage of their development. Thus, while in China the process of reform is headed by a single public figure—Deng Xiaoping, the Soviet Union, after the fall of Khrushchev, enters the "stagnation period" during which Stalinist tendencies sometimes go hand in hand with certain reformist efforts (Kosygin reforms), and the process of renovation begins to develop only after 1985.

The authors review a number of other factors accounting for the dissimilarities in the development of the two societies. A special attention in the article is paid to the different ethnic situations in the USSR and China, as well as to the different cultural and religious traditions of their largest ethnic entities—the Russian Orthodox Christian tradition on the one hand, and the Confucian-Buddhist-Taoist tradition on the other.

A. FEDOROVSKY: "South Korean Economy at the Threshold of the 90s." What are the main economic achievements and the major problems of economic development of South Korea in the late 80s—beginning of the 90s? These are the principal issues raised and examined in the article. The author undertakes an in-depth analysis of the factors of growth of South Korean economy in 1960-70, emphasizing the essential importance of state regulation, specific features of domestic situation, and the efforts to attract foreign financial assets.

Particular attention is paid to the appraisal of social and economic processes in South Korea in the 80s. The author stresses the importance of the evolution of state regulation towards greater liberalization of the economy, the emerging democratization of internal policies and the introduction of predominantly market-oriented levers of management to grapple with monopolization and stimulate the process of restructuring for the more advanced science-intensive industries. The dynamic economic growth of South Korea has contributed to its higher role in the world economic relations, although in the 80s this process was not going smoothly, characterized by occasional contradictions with the United States and Japan. Investigating the latest developments in diversification of South Korean foreign economic links, the author suggests that this process, while advancing trade and economic relations with the socialist countries of Europe and Asia, including the Soviet Union, would promote constructive cooperation in the Asia Pacific region.

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FOREIGN ACADEMIC THOUGHT

Conceptual Changes in Socialist Theory

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[Article by Michael Bric, assistant professor, Humboldt University, German Democratic Republic: "On Conceptual Changes in the Theory of Socialism." The article was translated from German by M. Lobanova]

[Text] Previously published articles by Ya. Pevzner and V. Sheynis¹ tried to overcome ideological barriers in the understanding of the dialectics of the modern era and its two principal social systems. Special attention is merited by the fact that the "sacred cows" of old conceptions do not merely comprise a big herd, but appear to be retreating one after another. No, these conceptions form a unified system that is impressive for its logic and consistency. To a certain degree, this also explains its exceptional stability. This system remained essentially the same for many decades, diverging more and more from reality.

To a certain degree, the introduction of special postulates that supplemented the theoretical nucleus answered the demand that it be linked to reality, contradicted it to a certain degree, and that at the same time remained connected to it. Examples of such postulates in the theory of socialism are: specific "socialist commodity-monetary relations" that are included in the conception of administrative planning based on physical indicators; the recognition of contradictory interests that are immediately reconciled because they coincide "ultimately

with the public interest"; and the principle of the necessity of social organizations that supposedly exists regardless of their collision and comparison (their role as "drive belts" is recognized in open and hidden form, while the state is the universal representative of all interests). Today, however, in view of the profound changes that are taking place in socialist countries, the possibilities for further adapting the basic principles of the existing theory of socialism to reality are practically exhausted. The lag of the sum of premises about the age in general and about imperialism in particular that are still repeated both in textbooks and in many scientific works as well is becoming obvious. The need for the fundamental modernization of the theoretical model of socialism is still more obvious. Without radical change in the criteria of "sotsialistichnost" [socialistness] and the theoretical conception of socialism that comprises its foundation, neither the study of socialism nor its progressive development are possible.

I

The system of social relations that has formed in most socialist countries is integrally connected with the model of "socialism of the monosubject." The essence of this model is determined by the tendency to replace the entire aggregate of society's subjects by one, exclusive subject: society as a whole personified by the state. All social relations ideally looked like simple organizational relations of administrative subordination within the framework of all society in the resolution of social problems.

The transformation of this conception into the dominant conception is explained on the one hand by differences in the corresponding positions in the theoretical legacy of the classics of Marxism-Leninism and by the real conditions under which socialism was built in the USSR and in a number of other countries on the other. These conditions promoted the adoption of predominantly one side of the theoretical legacy. But the conclusions drawn by Marx, Engels, and Lenin regarding the means of attaining the goals of the labor movement are still dogmatically equated with the content of these goals.

Today more than ever before it becomes obvious that the goal of social progress in the present stage agrees entirely with Marx's well-known idea that the elimination of the antagonisms of classical capitalism opens the door to a society in which the "free development of one is the condition to the free development of all."² All progressive movements including those that we have regarded as bourgeois have been consciously or spontaneously united around this point. It was self-evident to Marx, Engels, and Lenin that this goal could be attained with historical development and change in society. It was specifically this that determined their restraint regarding the construction of an ideal society on paper. Nevertheless, in my view in the works of the classics there are utopian elements that it would seem originated chiefly because they for a long time did not devote proper

attention to the question of means making it possible to master the complex of social forces liberated by capitalism.

We can clearly trace two interconnected and reciprocally contradictory tendencies in the socialist and communist movement that were reflected particularly in the works of Marx and Engels. One of them was the orientation toward the liberation of the creative potential of individual owners, competition, and the preservation—within certain limits—of inequality based on different individual abilities, on the use of the market, joint-stock companies and developed credit in the capacity of forms of social management of these forces.³ The other tendency was based on the policy of nationalization, the subordination of forces liberated from capitalism to administrative control, and the establishment of a strict managerial hierarchy.

The "coexistence" of both lines was manifested with particular clarity in principles of socialist theory developed by Lenin. In 1917 he saw the possibility of the direct transition to socialism from highly concentrated Russian (or German) wartime state capitalism in the reorientation of the existing economic system to the service of the interests of the working class, and the transformation of all working people into employees of the all-embracing state syndicate.⁴ The experience of War Communism—virtually total nationalization, the disruption of market relations, bureaucratization—led Lenin to conclude that such a system basically destroys personal incentive, the principal driving force behind the development of modern society. The transition to NEP essentially meant a fundamentally different solution of the problem of the correlation of interests than under War Communism—the maximum realization of the personal interests of the working people is the condition to securing society's interests. Understanding of the lack of promise of the model that is based on centralization, on administrative subordination, and on the elimination of commodity-monetary relations, the market, and credit, in a word, all forms that are based on the direct economic interests of the working people and their collectives was behind the thesis: "given public ownership of the means of production, given the class victory of the proletariat over the bourgeoisie, the system of civilized co-operators is the socialist system."⁵

In the concrete historical analysis of the formation of socialism, the origination of the special structure of its subjects, and the specific modification of the content and forms of realization of their interests, it is necessary to take into account the fact that first the Soviet Union and later a number of other countries addressed social problems that for the most part belong to the "prehistory" of socialism. The strength of the October Revolution consisted in the direct merger of the proletarian movement and the protest of precapitalist social forces against capitalist forms of dominance and development. The bolsheviks seized power in 1917 notwithstanding the fact that the working class still had to create the cultural prerequisites of this power.⁶

There were also **two real historically alternative** variants of socialist development after the revolution. On the one hand, it would be possible to attempt to use all available socioeconomic subjects for the direct building of socialism, including the resurgent capitalist class to a certain degree. Reliance in all economic forms on personal interests and their subordination to the goals of socialist development through market regulation with the aid of prices, credit, taxes, stocks, and the state budget were the center of the so-called "new economic policy" of development of a "unique kind of state capitalism" where land and the key branches of industry remained in the hands of the socialist state.⁷ Political conditions consisted in the development of the democratic power of the Soviets, openness, and a course based on the dialectics of the combination of opposites.⁸ Another alternative that was practically realized at the end of the '20's and that concluded NEP consisted in the *de facto* shifting of support exclusively to central planning, to state administration, to the exploitation of the revolutionary enthusiasm of the social groups that still retained it, but chiefly to brute force. The bureaucratic administrative-command system gained the upper hand as a result of intense intraparty struggle.

II

It should be noted that as a result of the historical backwardness of capitalism in Russia (and in a number of other countries, albeit to a lesser degree), the socialist revolution did not secure either the dialectical negation of capitalism or the realization of its main tasks. These tasks acquire special urgency under the conditions of the substantial modification of modern capitalism—which has incomparably greater potential for development than before—in recent decades. Such an approach is dictated by the new thinking and indeed by elementary common sense. The socialist revolution in the future must take the positive attainments of modern capitalism into account primarily because the "economic lag behind the most developed capitalist countries has now acquired a **qualitative rather than a quantitative nature**." Practice shows that modern capitalism has found forms of real progress that are based on the development of the productive forces, on the mobilization of colossal intellectual and production potential, on the culture of labor, on a new quality of education and way of life, i. e., on the most important elements of the society that is depicted in socialist doctrine. Of course, this doctrine demands more: the use of technical and economic progress for increasing armaments, for neocolonialism, and for cultural hegemony must be rejected; the growing gap in levels of socioeconomic development between countries must be halted, but it should not be thought that capitalism is also blocking movement in these directions.

The very concept of capitalism is also in need of reexamination. It is the **last exploitative system** but at the same time it is also the **first permanent society**. Under capitalism, feudal exploitation is transformed into relations having to do with surplus value and the production of profit permeates all social relations. As a result of the

affirmation of capitalism, the subordination of labor to capital in technological, economic, social, political, and spiritual spheres in a certain stage became the fundamental characteristic of society. However, over time the development of the capitalist system's contradictions increasingly brings it beyond its characteristic limits. "Unceasing revolutions in production, the continuous upheaval of all social relations, eternal uncertainty, and movement distinguish the bourgeois era from all the others"¹⁰—wrote Marx and Engels in the middle of the last century. But "unceasing revolutions" since then have taken capitalism far beyond the point that it was expected to go. The exclusive orientation toward the production of profits, coupled with the formal and actual subordination of labor to capital, seemed insufficient for the constant renewal of the prerequisites of reproduction that were created by capitalism itself and for their development on the necessary scale.

The "free" development of capitalist production initially resulted in an inhumanly long working day and in the deterioration of living conditions, thereby undermining the basis for the reproduction of labor power. The response was powerful opposing tendencies both in the economy and in the sphere of social relations proper. The "first conscious and systematic influence of society on the spontaneously formed structure of its production process"¹¹ was the result of pressure by the labor movement and democratic forces. Marx noted the growth of elements of consciousness and systematicness [*plannmernost*] in capitalist production. The trend toward stagnation generated by excessive monopolization resulted in the enactment of antitrust laws. Capitalism tends to react more and more rationally and systematically to the need for basic research, for the development of universal education, for a modern infrastructure, for preserving the biosphere, for social programs that over time acquire ever greater scale thus naturally directing an increasing profit mass toward the maintenance of conditions without which no modern economic and social system can function.

Let us for the time being leave open the question of whether not only the prerequisites but also the elements of social relations belonging to a higher type of social development originate under capitalism. It is, however, important to emphasize that as long as capitalism was only an exploitative profit-producing society, it could not maintain itself under present conditions. Modern capitalism, which has assimilated the experience of profound crises of the past, especially of two world wars, and the emergence of socialism in the twentieth century, is inconceivable without subordinating the production of profits to the reproduction of modern society to a considerable degree. At the same time, capitalism inevitably encounters contradictions that express its exploitative nature. This is manifested in crises, in periodically intensifying political struggle, and in the confrontation of ideas. Neoliberalism, neoconservatism, and contemporary social reformism offer different variants to the solution of this basic problem of modern capitalism. To

a greater or lesser degree, each of these variants contains both the potential for progress and certain constraints on the path of progress.

Modern capitalism seeks and finds forms of political organization that accord with the fundamental interests of social progress. Democratic institutions are increasingly becoming general trends. Recent cataclysms, fascism and war have demonstrated to bourgeois society the impossibility of providing the level of stability that is necessary for a very complex social system without observing the known balance of interests, without democratic social forms for comparing positions and for reaching a consensus. Excessive concentration of economic and political power and all attempts to restrict the diversity of spiritual life that is characteristic of modern society are today viewed by all sensible forces as a threat to the system and to the physical existence of society itself. The system needs protest movements and the activity of forces striving for alternative development and, at least in this limited sense, they are integrated within the framework of the system and become an important factor in its constant critical reassessment and development. It cannot be excluded *a priori* that the internal contradiction between exploitation and the need for modern development might in the future lead to the gradual elimination—on the basis of social and political dialogue in society—of relations based on the production of surplus value and to the reorganization of the very basis of social relations along evolutionary lines.

III

We have digressed into the theory of capitalism in order to outline the tasks that are posed by the elaboration of the contemporary theory of socialism. This is because scientific analysis of socialism's attitude toward what modern social development a whole (and not only the scientific-technological revolution) has given is necessary for the philosophical orientation and theoretical substantiation of current communist policy.

The dominant form of socialism—statization [*ogosudarstvenniye*] of all resources, the total subordination of the productive forces and production relations of society to the state—all this was ultimately affirmed in the USSR at the end of the '20's under historical conditions that have been researched by now. These relations were subjected to theoretical absolutization. Their universalization became the basic dogma of the "state-monopoly socialism" concept. Not only new forms of liberation of the strengths and abilities of individuals, collectives, classes, strata, and nations, the development on a new, socialist basis of their independence and interest that were proclaimed in theory, but also constraints (that permeated all social practice and that were forced on society by powerful state pressure) on activity to satisfy its needs and to secure interests, without the satisfaction of which its activity and indeed modern society itself are inconceivable, were held up as being superior to capitalism.

The principle weakness of the old conception of socialism is its inability to dialectically absorb the basic historical attainment of capitalism that transformed it into modern society, since capitalism has substantially expanded the boundaries for the real freedom of the individual. Capitalism, which constantly revolutionizes the conditions of its existence, with its ability to generate technical progress, to secure expanded reproduction, to find rational and effective forms of economic activity, to affirm democratic liberties and institutions and broad civil rights appropriate to the given economic system, continues to transform the mass of direct producers into personally independent owners of their own labor power. The functioning of the modern work force presupposes in particular the possession of most important individual conditions for its reproduction (a house or one's own apartment, automobile, a complex system of services, sophisticated means of information—television, video equipment, computer, etc.). All this is by no means simply the clever invention of neo-conservative policy designed to distract the working people from the struggle for their interests, but is rather the realization of these interests. It expresses the irreversibility of the development of personal property as a condition to individual responsibility, the high culture of labor, creativity, and the willingness to take risks.

The insufficient development or even total absence of these attainments of bourgeois society in a number of countries that have embarked on the socialist road have been theoretically substantiated and justified by the argument that these attainments are merely an adjunct and the reverse side of capitalist exploitation. The ideology of sacralizing "private" interests (in fact, the real, basic interests of almost all social groups and strata) to the "common" interest (which in fact diverges increasingly from society's real needs) has become dominant. All personal, group, and territorial interests, the interests of work collectives or nations began to be regarded as reactionary vestiges to the extent that they diverged from all-suppressing state interests. The humanism that initially inhered in Marxist theory was driven out by flagrant sociologism which regards individuals merely as agents of social relations. In my opinion, it is specifically here that we find the main link in the change of concepts—a change that would reflect the return to the progressive traditions of the labor movement.

The basic point of departure of the new theoretical conception of socialism today—given that qualitative change of socialism is a categorical imperative—evidently consists in the search for conditions enabling socialism to form or develop such social, collective, and individual subjects that are (1) interested in and (2) capable of making revolutionary changes in the productive forces in cooperation and competition with modern capitalism and of making a significant contribution to the solution of global problems and to the creation of a system of international cooperation. The following could be some of the contours of such a paradigm.

The productive forces and socialization

The dominant view of the historical trend in the development of the productive forces up until now has connected it with the increased concentration and centralization of means of production and labor power at large, centrally controlled enterprises. The natural and progressive culmination of this trend was seen to lie in the constantly increasing concentration of all national resources in the hands of the government which was supposedly the representative of society as a whole or which at least expressed the general interest of the ruling class.

However, under the conditions of the modern scientific-technological revolution, we cannot talk about the unconditional predominance of the tendency toward the increased concentration and centralization of production as was probably the case when work that was simple in content was prevalent. It is possible to identify at least four features that the scientific-technological revolution brings with it: (1) the increased significance of long-term planning decisions oriented toward the mastery of global, national, and regional cycles of innovation; (2) large economic units' acquisition of the ability to carry out relatively closed local cycles of innovation (from research to marketing and reconstruction); (3) the increased influence of creative initiative and responsibility of work collectives and the corresponding organization of labor; (4) the transformation of professionally trained, culturally developed individuals into the main, dominant productive force.

With the development of the modern scientific-technological revolution the continuous creation, development, introduction, and replacement of large- and small-scale innovations become the norm in the reproduction of the productive forces. As any economic link originates and adapts, it requires new development. The new role of medium-size and small enterprises in branches of industry that are connected with the new stage of the scientific-technological revolution is unquestionably connected with this.

The replacement of the socialization of the productive forces connected with the constantly rising degree of concentration and centralization has become possible. The new potential for development is based on the purposeful growth of the stable, horizontal interaction of different subjects of production. The consciously organized and stable interaction of different subjects of production based on growing horizontal relations contains new potential for development. Modern means of information and communication open the way to the direct (rather than indirect spontaneous-market or administrative relations) cooperation between such subjects, the expanded potential for their development, for exchange of resources in the material and, to an even greater degree, in the intellectual sphere. In such a case, the necessary coordinating functions of the center are "merely" the maintenance and purposeful modification of the basic parameters and structural proportions of the

national economy as a whole and the proportional support of common conditions of development (especially the classical and new branches of the infrastructure).

Production relations and property

In the old theoretical model of socialism, socialization through centralization was closely connected with the idea of the idea "total" correspondence of socialist production relations to "centrally" planned trends in the development of the productive forces. Socialist poverty, as it was then maintained, presupposed the direct and absolute disposition of all of society's productive forces by one subject—the socialist state. In an economic sense, enterprise collectives and individuals were merely the representatives of a given subject, were "agents" of the state who were authorized to carry out centrally assigned tasks and who were devoid of their own positive interests. Already in the '40's there were "discussions" in the course of which any ideas predicated on the relative independence of the enterprise as an owner were condemned as revisionist.

However, today it becomes obvious that the distribution of ownership functions (possession, disposition, appropriation) between participants in production under socialism is historically progressive only if each subject of this production appropriates those results that are decisive in the given subject's performance of his specific functions, especially functions associated with revolutionary changes of productive forces. The system of appropriation must correspond to actually existing interests and must stimulate both qualities and abilities that encourage each person to make his maximum contribution to development and to create the maximum potential for this.

These tendencies, which predetermined the new leap in the productive forces, influence all subjects of socialist production between which all functions of ownership, including appropriation, must be distributed in the corresponding way. There is affirmation of a new understanding of the category of public property, in accordance with which it can be interpreted as the relations of appropriation of the results of socioeconomic development by various types of subjects of production: the national-state community as a whole, collective subjects at various levels (from the enterprise to the brigade), and individuals. In the future mankind as a whole is slated to become the conscious subject of appropriation. The level of socialization of production conditions is rising spasmodically: the development of each individual subject of the reproductive process which is based on the evolution of the common conditions of this process simultaneously becomes the direct prerequisite of the progress of all subjects. Therefore the commonness of interests should not be reduced solely to their abstract identicalness, but should be viewed only as a relationship of competing subjects of property in which the realization of the interests of each of them presuppose to a greater or lesser degree the realization of the direct interests of other subjects.

Socialism's basic principle "from each according to his abilities, to each according to his labor" should evidently be viewed as a progressive form that mediates the contradiction of socialist property. This property performs its basic distribution function only if it secures the distribution of the corresponding means of production between those producers that dispose over the greatest potential for their application. These producers' appropriation of the results of production promotes more effective general development since in every case it opens up maximum potential for the mobilization of their own efforts. The labor remuneration principle under socialism acts in fact as the decisive relationship in the distribution of objective and subjective factors of production (the distribution of resources for consumption is essentially only secondary). Therefore, the violation of the principle of remuneration according to labor not only suppresses and distorts the motivation to work but also leads to deformations in the development of the productive forces as a whole. Social and state planning, the market, competition, developed banking and credit, and state budget mechanisms must become most important forms of realization of this principle and of the collective regulation of relations between individual types of property under socialism. All this requires the development of a corresponding system of legal relations that are beyond the purview of the present work.

Power, democracy and glasnost

The system of power in socialist society, which as stated secures the political dominance of the working class and classes and strata associated with it, formed on the basis of existing conceptions and was reduced to the monopolization of political power in the hands of one subject—the state, which claimed to represent all society. The monism of power was made an absolute under socialism. Unconditional subordination to goals set by the state supposedly in the name of society, its unswerving reproduction of state-specified principles of development of social relations, unquestioning participation in the implementation of centrally-made decisions without true public discussions were regarded as the realization of the highest type of democracy—democratic centralism.

Conscious control of social processes within the framework of the examined conceptions of socialist property and political power was understood as the center's realization of regularities of social processes whether by virtue of leader's "wisdom," loyalty to "doctrine" or to something else that was not open to discussion. The introduction of the corresponding ideas through the efforts of the vanguard to the majority of the people who unquestionably trusted their party and their state was viewed as the principle means of instilling conscientiousness on the scale of all society. The tendency toward the statization of all spheres of life led to the introduction of subjectivistic dogmas in the ideology-propaganda apparatus and to the transformation of most Marxist sociologists into vulgar systematizers of such dogmas.^{12a}

Therefore no conclusions were drawn from the substantial advances of capitalist society in securing a rational bond between spontaneity and consciousness. There developed a cult of the conglomerate of truths that were superimposed on one another in the final instance and that were not open to doubt or to penetrating discussion.

Since the model of the "socialist monosubject" transforms all subjects in social life into "agents" of state influence on society, they were faced with the absolute demand for self-identification with the goals posed by the "monosubject" rather than the task of searching for basic forms of resolution of contradictions between subjects that alone can provide remuneration according to labor, the amount of which is determined by the market and not administrative regulation of the economy, by democracy in politics and glasnost or, more precisely, by freedom of thought, freedom of speech, and freedom of the press in spiritual life.

It is possible to name a number of factors that absolutely necessitate democracy and glasnost in any modern society. First of all, subjects mastering complex, sophisticated technical systems cannot exist without them. When a bureaucratic hierarchy of informedness [*osvedomlennost*] takes the place of democratic openness and the open exchange of opinions, when administrative supervision takes the place of democratic oversight, the inevitable result is a situation that was sarcastically described by K. Marx: "those at the top rely upon the lower circles for everything that relates to the knowledge of details; the lower circles, on the other hand, rely on those at the top for everything concerning the understanding of the general and thus they lead one another into confusion."¹³

Modern technical systems are subordinate to the intricate complex of stochastic regularities. Their control entails risk and demands constant orientation toward unforeseen development and innovation. Bureaucratic management, on the other hand, is suitable only for relatively simple, uniformly reacting, almost stable systems. This applies both to technology and to social development. Functional differentiation and a flexible, self-tuning managerial infrastructure, rather than rigid prescriptions are decisive for modern development and for the control of society's subjects. This requires the continuous and free exchange of information and reciprocal monitoring. It is important to advance the greatest possible number of variants of an effective solution of the problems that arise in the course of development of the economy and society and their experimental verification.

Without democracy and glasnost, many subjects are excluded from the process of identifying real social interests and the progress of the productive forces is made dependent not on the objective potential of the producers but only on centralized commands, the appropriateness of which to social needs is questionable at best. Disproportions in society and the vicious circle of the economics of scarcity become inevitable.

Finally, democracy and glasnost are the prerequisite of political stability. Their absence causes antagonism "between active, conscious citizens of the state who manage and the passive, non-conscious citizens who are managed." "The gap grows between the 'infallible' state and the unenlightened citizens who are forced to adapt to the circumstances forced on them by the state. The blind faith in the state that is demanded of them sooner or later becomes mistrust. Socialism has no less a need than capitalism for the public and democratic resolution of contradiction between various interests on the scale of all society. It is still slow with the real, unostentatious use of democracy and glasnost to understand and resolve social contradictions. The mighty driving forces and broad opportunities for economic, political, and spiritual control of fundamental process pertaining to the modernization of society remain almost exclusively the property of capitalism."

With the transition from the absolutely hypertrophied ownership of all means of production by the monosubject to truly socialist ownership as a complex of relations of different types of owners, there must also be deep rethinking of the concept of political power and social consciousness under socialism. Consciousness and the search for ways of resolving contradictions inherent in socialist property itself are made the center of attention. This leads, first, to the coordination of social, group and individual interests in all their diversity through the relations of representatives of corresponding population groups (the state, mass organizations, citizens' initiatives, various democratic movements, etc.) and, second, to the conscious consolidation of broad strata of society on the basis of democracy and glasnost and to the development of the corresponding political consensus. Such a method opens up the possibility of realizing contradictory interests, of the appropriate manifestation of the potential of all its subjects in social life.

With the cessation of the struggle of antagonistic classes, conditions arise for political struggle of various social forces for the realization of their own and common interests, for the implementation of historically optimal variants of development of one and all. Democracy and glasnost, the restriction of which would mean the rejection of the real liberation of the driving forces, of its proportional and systematic development, offer appropriate political and spiritual (ideological) forms of this struggle.

It appears that the solution of urgent problems in the formation and development of socialist social consciousness presupposes:

- glasnost in the expression of everyday consciousness: the identification of the interests of primary social subjects and their interrelationship with other interests;
- glasnost in political life: the broad and open exchange of opinions between political advocates of such interests;

—glasnost in scientific life: unprejudiced scientific analysis by research organizations and groups of scientists of the contradictory interests of social subjects and the objective reproductive relations that underlie them as well as open dialogue by experts on these questions;

—glasnost in the development of the ruling party's strategy: the Communist Party's conceptualization of the results of discussions in society, contradictions and alternatives of development from the standpoint of modernized socialist theory, and the development of an optimal political course.

The new theoretical paradigm of socialism as a condition of development of all social sciences is oriented toward the full realization of the basic principles of socialism, toward democracy and glasnost, toward the development of a multitude of different subjects of production, property, political power, and social consciousness. Only on this basis can socialism provide a convincing, humanistic and realistic answer to the questions of the modern era and make an appreciable contribution to the solution of mankind's global problems.

Footnotes

1. Ya. Pevzner, "The New Thinking and the Need for New Approaches in Political Economy" (MEMO, No 6, 1988); V. Sheynis, "Capitalism, Socialism and the Economic Mechanism of Modern Production" (MEMO, No 9, 1988).
2. K. Marks and F. Engels, "Sochineniya," Vol 4, p 447.
3. See A. Tsipko, "Izrya sotsializma. Vekha biog. (fi)" [The Socialist Idea. Biographical Landmark], Moscow, 1975, pp 171-173.
4. See V. I. Lenin, "Polnoye sobraniye sochineniy" [Complete Collected Works], Vol 33, p 97.
5. Ibid., Vol 45, p 373.
6. Ibid., p 380.
7. Ibid., p 289.
8. Ibid., Vol 42, p 211.
9. MEMO, No 9, 1988, p 8.
10. K. Marks, et al, Op. cit., Vol 4, p 427.
11. Ibid., Vol 23, p 492.
12. See A. P. Butenko, "Theoretical Problems in the Improvement of the New System: On the Socioeconomic Nature of Socialism" (VO'PROSY FILOSOFII, No 2, 1987).
13. K. Marks et al, Op. cit., Vol 1, pp 271-272.
14. Ibid., p 202.

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Comparative Political, Ideological Development of the PRC and USSR

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MEZHDUNARODNYE OTNOSHENIYA in Russian
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[Article by Konstantin Viktorovich Pleshakov, candidate of historical sciences, scientific associate, ISKAN SSSR (Institute of the United States and Canada of the USSR Academy of Sciences); and Dmitriy Yefimovich Furman, doctor of historical sciences, lead scientific associate, ISKAN SSSR: "China and the Soviet Union: Common and Specific Features of their Sociopolitical and Ideological Development"]

[Text] In the now numerous publications devoted to natural and random problems in our sociopolitical and ideological development since the October Revolution, there is a striking, almost total absence of comparisons with the evolution of other countries having a similar ideological and political system. However, without such comparisons, it is obviously impossible to separate the natural from the random merely by observing any one, unique type of development.

Comparison with China is particularly valuable in this regard primarily because the interdependence of the evolution of our countries is relatively brief. The USSR and China could not—even though they at times wished to—force one another to alter its political line and, as we shall subsequently see, went through analogous cycles of development entirely asynchronously, which was one of the most important sources of friction and conflict between them. What is more, for all the similarities between their economic, ideological and political systems, the cultural traditions of these countries were very remote from one another, immeasurably more remote than Russian culture from Romanian or Bulgarian culture. If we can use such a comparison, history planted one and the same seed in very different soils as if specially to enable us better to see what in the cycle of development comes from the prototype and what comes from the environment.

The first thing that should be noted in the comparison of our countries is that they have gone through a similar cycle of development consisting of three stages. The first or initial stage begins immediately after victory in the civil war (which followed the seizure of power in the center in Russia and preceded it in China) and corresponds to our NEP [New Economic Policy] period. The second stage is the stage of personality cults, which we conditionally call "mature dogmatic society." The third and final stage is the stage of reform and emergence from the dogmatic system. Let us examine these three stages and compare their sequential evolution in the USSR and in China.

The initial stage

The first, initial stage in our country is from 1917 to the end of the '20's; in China from 1949 to 1956. What are the characteristic features of this stage of development? First of all, there was the enormous enthusiasm of the masses who had just won the victory in great revolutions with which enormous "eschatological" expectations were connected. And even though these expectations did not come true, especially in Russia where one can speak not only of expectations but also of the "eschatological attempt" to bring about world revolution and to build communism immediately, revolutionary enthusiasm remains. The revolution also brings entirely tangible fruits: old forms of oppression and inequality are eliminated and peasants—the largest segment of the population—receive land. Under these conditions, a leadership that enjoys the broad support of the people, that has a firm grip on power does not undertake and does not plan to undertake total terror against all real and potential dissenters, to destroy all manner of economic freedom, or to reenslave the peasantry. A plan for the evolutionary, gradual building of socialism, in which society retains a considerable degree of freedom of ideas and economic freedom, is implemented. Subsequently, in the third stage of society's development, the first stage will be recalled with nostalgia and will be a source of information for reformers.

It is very important to note that this first stage of development in both the USSR and China was not merely the initial period of the society that we call "mature dogmatic." The latter did not originate naturally and spontaneously from society's first stage. What is more, it is obvious that it also could not simply evolve from society's first stage. The transition to the second stage was effected by decisive, volitional actions of the leadership that sharply changed the former political course. Why did this happen?

Looking only at Soviet history, it is very easy to provide an explanation on the basis of subjective factors. The transition to the second stage in our country coincided with the change of persons at the head of the leadership—the death of Lenin, the defeat of the opposition, and the establishment of Stalin's dictatorship. But comparison with China forces us to take an entirely different look at the very logic of this transition. It also took place in China, was also carried out in the same dramatic, "revolutionary" way, but was absolutely not connected with the change of leadership. At the head of the nation was the same Mao Zedong, who combined in one person the role of leader of the revolution, the moderate leader of the first stage, and the role of the drifted leader of the second stage of dogmatic society.

Subsequent history and Mao Zedong's role in it and the total ideological unity of the USSR and China proclaimed in the '40's and early '50's ("Stalin and Mao are listening to us") force us to forget one very important and interesting fact—that Mao Zedong's policy before 1956 was objectively significantly more Leninist than

Stalinist. The period from 1949 to 1956 was a time of considerable development of China's economy. Agrarian reform promoted the rise of agriculture and the expansion of the internal market. There were no attempts whatsoever at forcible collectivization during this time—the peasants voluntarily joined "mutual labor assistance groups." As a result of the nationalization of foreign enterprises and enterprises belonging to the big "compradore" bourgeoisie, the share of the state sector in industry rose from 26 to 41 percent between 1949 and 1952. But the property of the "national bourgeoisie" was not nationalized and its economic activity even increased. Mao Zedong proclaimed the policy of "letting a hundred flowers bloom and letting a hundred schools of thought contend." And, what is very important, like our Leninist stage, the period between 1949 and 1956 in the PRC cannot be viewed simply as a preparation for the "Great Leap Forward"—China's equivalent of our First Five-Year Plan. Society at that time was living at that time to another plan in which there was no place for "great leaps." Entirely different views of the nation's development and its road to socialism were dominant.

Back in 1940, in the work "On the New Democracy," Mao Zedong wrote about the long period preceding the building of socialism which he defined as "the dictatorship of all revolutionary classes." Mao also mentioned the "people's democratic dictatorship" in 1949. What is more, he was striving to create a coalition government with the left wing of the Kuomintang. He preserved its Revolutionary Committee and other non-communist parties. The Chinese Communist Party's general line, formulated in 1952, posed the following task: "To gradually effect the socialist industrialization of the nation and to gradually institute socialist reforms in agriculture, the cottage industry and trade over quite a long period of time." "Quite a long period" referred to the period between 1953 and 1967.

However, moderate rates of socialist construction were abandoned already in the course of the PRC's First Five-Year Plan. While in December 1953 the CPC Central Committee planned that 20 percent of all peasant farms should belong to cooperatives by 1956, by the end of 1956 this figure was actually 96.3 percent. By that time, the share of the private sector in retail trade had declined to three percent. "People's communes" established in 1958 socialized practically all peasant property, introduced leveling, and eliminated all elements of economic independence whatsoever. The Great Leap Forward was launched in industry under the motto "3 years of tenacious work—10,000 years of happiness." Primitive blast furnaces were built in the yards of dwellings and institutions throughout the entire nation.

What happened? Why did both countries "abandon moderation," why did the first stage of development abruptly give way to the second under completely different conditions and entirely different circumstances? As we see, the comparison of China and the USSR makes the answer to this question considerably more difficult than the mere reference to Stalin's evil will.

First of all, in our view it is necessary to emphasize the initial ambiguity of socialist ideas that existed in the minds of both Russian and Chinese revolutionaries. On the one hand, socialism is a highly developed society that is immeasurably richer, more cultured and freer than capitalist society. Its creation is inseparable from the development of the productive forces and the accumulation of social wealth, moreover at a higher level in comparison with the capitalist countries. What is more, it is a society in which there is no alienation of man from the social, where every citizen is the master of both society and his own fate. The masses in our country as well as in China unquestionably connected the dreams of heaven on earth and "eschatological" expectations with the idea of socialism. But on the other hand, there are clear and tangible formal signs of socialism: the absence of private property, the socialization of the means of production. And it was this initial ambiguity of ideas concerning socialism—a highly developed, modern society, "heaven on earth," but "heaven on earth" possessing clear formal features—that contained the possibility of the first being supplanted by the second and of the formal being supplanted by the informal.¹

It is very difficult to build a society that is richer and freer than developed bourgeois society and, most important, the way of doing so is not clear. The creation of a society without private property on the other hand (especially in countries where the private property tradition and psychology are not developed) is a considerably simpler goal. Thus, the Marxist premise that a very high level of the development of the productive forces will lead to a society without private property imperceptibly, "dialectically" turns into an assertion that is entirely different and even opposite—that society without private property will "spontaneously" be a society with the highest level of development of the productive forces. Something similar happened in medieval religion when religious consciousness supplanted the unformalized spiritual goals that a person striving for salvation should have before him (love of God and love of people) with formal goals (fasting, pilgrimages) in the belief that they would bring spiritual improvement "automatically." At the same time, "eschatological" expectations and the hopes of the people and the leadership press for the earliest possible realization of these formal demands, the fulfillment of which is connected with the arrival of "heaven on earth." Why delay, why wait when the road to general happiness is clear? In our view, this is the principal reason behind the failure of "moderate" plans and the transition to the "mature dogmatic society." But there were also other reasons connected with it.

The evolutionary path now frequently appears realistic. However, if we view the goal of creating a society in the historically foreseeable future without private property, this path is more utopian. Indeed, to build it in a "natural," non-forcible way is incredibly difficult. This requires, for example, making state, socialized enterprises more effective than private enterprises and waiting for the time when private enterprises cannot

stand up to the competition. It also means creating conditions so that the peasant's private property aspirations and his instinctive attachment to the land disappear by themselves. These tasks, even if we consider them practicable, are extremely complex.

The natural, evolutionary path initially leads not so much to the elimination of private property as to its consolidation, which ultimately also presupposes changes in the political sphere—a prospect with which liberal “*smenovekhovtsy*” [members of the Change of Landmarks movement] in our country connected their hopes and which evoked the natural fears of party leaders and the poorest, most revolution-minded strata of the people. Kameney and Zinovyev, who spoke out against the “idealization of NEP” at the Fourteenth Party Congress reflected this growing fear among party dogmatists, saying that a “spontaneously” developing society would ultimately get out of control. And even though their opposition was “crushed,” after a certain time Stalin himself began “shutting down” NEP not in words but in fact, using their arguments.

The situation also developed in a complex way in China where already in 1952 there were movements “against the five abuses” (bribery, tax evasion, improper filling of state orders, theft, use of secret economic information for selfish ends) and “against the three abuses” (corruption, wastefulness, bureaucratism), that were in fact designed to eliminate the petty and middle bourgeoisie which had entrenched itself, which did not yet think about organized protest, but had already begun “circumventing” the laws and establishing ties with the apparatus. The result of the short-lived policy of “letting a hundred flowers bloom” in 1956-1957 was also characteristic. The interpretation of this episode as a device conceived by Mao to “trap” ideological opponents was very widespread. But this was hardly the case. It is more likely that the CPC leadership, which was in a somewhat bewildered state in 1956 (the evolutionary path was not leading in the desired direction and the cult of personality was being exposed in the USSR at that time) wanted to “consult” with the nation's intellectual forces. But it was horrified at what it heard—what surfaced was by no means revolutionary forces but rather the Chinese version of our “change of landmarks.” Mao Zedong became finally convinced that socialism could not be built “automatically” by peaceful and evolutionary methods, especially because these methods inevitably lead to the restriction or loss of power. A year later the campaign against “right-wingers” began and was followed by the Great Leap Forward.

Thus, the comparison of the USSR and China shows that the transition from the first to the second stage, which took place under completely different conditions, was a natural, rather than a random feature of our political and ideological systems. And it cannot be called the transition from realism to utopianism. The reverse is more likely the case. To say that private property would die out economically and evolutionarily by itself was utopianism, but its forcible elimination from the standpoint of

preserving and strengthening dictatorships established by revolutions was an entirely “realistic” step. The utopian view was that a society without private property will be a developed, wealthy, dynamic society at a higher level of development than a society that is dominated by private property.

“Mature dogmatic society”

The “mature dogmatic society” accords with socialism's formal features. Private property is eliminated in it and what is now called administrative-command methods of economic management begin to form. Naturally, its inception and existence are connected with rigid centralization in both political and ideological areas. In both the USSR and China, the construction of this society is accompanied by the struggle for absolute, one-man power. In the USSR Stalin destroyed not only his real enemies but all his potential enemies as well. In China the transition to the second stage of development was also accompanied by Mao's struggle for power and ultimately by his elimination of almost all Chinese revolutionary figures of any prominence. Personality cults—of Stalin and Mao—were established in both countries. They were considered great Marxists, the living embodiment of the bearers of absolute truth and the ideas of Marx-Engels-Lenin. The masses' archaic conceptions of heroes and saints were transferred to them. This archaism can be seen with particular clarity in China where the “Little Red Book” of Mao Zedong's quotations becomes a purely magical object.

Just as economic life is subordinate to a single center and single plan, so is all cultural and spiritual life subordinate to a single dogma. A single dogmatic culture—a unique architecture, music, theater, painting—actually originates in this stage. All manifestations of dissent are liquidated. Naturally all this is achieved through the cruelest terror. As always, dogmatic ideology is directed primarily against heretics rather than those who occupy diametrically opposed positions. Under Stalin the cruelest persecution of party members based on the slightest suspicion of their disloyalty or deviation from the official interpretation of Marxism-Leninism went hand in hand with the “liberalization” of policy regarding the church in the postwar period and with *de facto* affirmation of the great-power policy [*velikoderzhavnost*] in an odd symbiosis with dogmatized Marxism. Fierce struggle against Trotskyism and social democracy in the international arena and then, after the war, the bitter conflict with Yugoslavia were combined with the prewar “fraternization” with Hitler.

There was no such appeal to prerevolutionary values and symbols under Mao Zedong possibly because the prerevolutionary times were closer to China in the '30's than to the USSR in the '40's and early '50's. But the same logic is also seen in his policy to a certain degree.

During the Khrushchev period, the USSR entered the third phase of development, the reform phase, while China only entered the second phase. As a result, the

Soviet Union soon became "enemy number one" to Mao Zedong. At the same time, his "friendship" with Nixon and the damnation of "Soviet revisionists following the capitalist road" are entirely analogous with the "friendship" between Stalin and Hitler, which was accompanied by the fight against social democracy. Later, when China entered a period of intensive reform while the reform process in the USSR was merely marking time, the phases were once again out of sync. And now we, in turn are accusing the Chinese of "deviating from the line."

Both Stalin and Mao Zedong established totalitarian systems in which there did not seem to be forces capable of opposing them. And while in China a certain degree of opposition to the late Maoist course, connected with the "gang of four" was preserved, there was no appreciable or active political opposition to the Stalinist course at all. Nevertheless, the system of the "mature dogmatic society" collapsed immediately after the death of its founders in both the USSR and China. Such a comparison does not make it possible to reevaluate the role of Stalin's personality in the creation of the "mature dogmatic society," but it also does not make it possible to reevaluate the role of Khrushchev in departing from this society. This is because the same thing was done in China in other forms and by other people, entirely independently of us. Thus, neither the rise or the fall of the Stalinist and Maoist systems could be entirely the result of random and subjective factors. A common logic is manifested here and similar forces are active. What then is undermining the "mature dogmatic society?"

In our view, its basic weakness lies in the previously discussed ambiguity of conceptions of socialism and communism. Society strives for a condition that conforms to the formal features of socialism—where there is no private property or the exploitation of one person by another. However, the idea of socialism contains not only these formal features but also the image of a rich and free society with which the people's ideas about "heaven on earth" are associated. However, this heaven is never forthcoming. A unique "scissors" situations develops—according to the dogma, the closer a society theoretically comes to "heaven on earth," the greater is its ruination and the more it becomes a society of confused and terrorized people. This entire growing contradiction between dogma and reality must be eliminated in some way. Many features of "mature dogmatic society" in our country and in China are connected with the need to "cover up," to conceal this contradiction. How is it hidden? What kind of "protective mechanisms" are operative here?

First, "paradise" is continuously postponed. Under Stalin, the ideas that were initially connected with socialism were subsequently transferred to communism. The "great communist construction projects" began. In China this was formulated in somewhat different ideological terms. Possibly because of the example of the USSR, in which socialism built under Stalin did not prevent Khrushchev from "following the capitalist path," Mao did not proclaim the victory of socialism.

But his policy was the same policy of continuously arousing the people's enthusiasm with new goals. One campaign followed another: the "great leap forward" was followed by the "cultural revolution"; the "cultural revolution" was followed by "modernization." The leadership tried to sustain enthusiasm by creating mirages that the people followed.

Second, dogmatic control over culture increasingly made the outright lie—the depiction of reality "as paradise"—its goal. The cinema, the theater, and works of art during Stalin's time depicted unimaginable abundance—tables piled high with food, people who were models of physical and spiritual health, etc. The foreign world, to the contrary, was depicted more and more grotesquely, as a world of poverty and rightlessness. In China the Maoist ideal of revolutionary asceticism to some degree diminished the trend toward the ever greater official lie (there were no "Kuban cossacks" in China), but the trend immanent in the system persisted.

Third, terror also begins to acquire new functions. It is not only terror against dissenters. It is, so to say, the "normal terror" of any dogmatic system. It also has one more goal—the search for the lie "outside the system" on which the misfortunes of a society that is "by definition" perfect could be blamed. Initially this was the "vestiges of the old dominant classes," but as they were liquidated, an ever larger role was played by "spies and saboteurs" up to and including Stalin's paranoid fears of bacteriological weapons and Colorado potato beetles infiltrated from abroad. In China the analogous role was played by American, British, Kuomintang, and Soviet agents.

The abyss between dogma and reality widens and must be concealed by lies and blood; enthusiasm has to be artificially fanned and begins to fizzle out. It is very difficult to say the degree to which dissatisfaction is growing among the people. In China it is more appreciable: the famous demonstration in Tiananmen Square in connection with the death of Zhou En-lai indicates an increase in the activity of the opponents of policy of the second stage. While it is less noticeable in the USSR, some muffled underground tremors have obviously also been felt in our country. Moreover, the party and state bureaucracy itself is growing weary of the constant purges and the incessant fear; the idea is maturing within it that matters cannot continue in the same way. This feeling was evidently universal in the upper echelons of power in our country. At any rate, as K. Simonov writes in his memoirs, the first attempts to cast aspersions on Stalin evidently emanated not from Khrushchev but from Beria—Stalin's chief executioner. In China it is entirely likely that Mao Zedong himself began to vacillate and to prepare some kind of new policy. These vacillations are obviously attested to by such facts as Mao's very complex attitude toward Deng Xiaoping, the recent attempt to "push aside" the "gang of four," the promotion of the moderate Hua Guofeng, and the implementation of "modernization" policy. In a word, the "mature dogmatic society" has come to a dead end in our country and in the PRC.

There was no clear system for the transfer of power in the event of the death of the leader in the USSR and China during the personality cult period. The leader was too great. He did not tolerate anyone beside him who might lay claim to his role even in the future. Thus a very unenviable fate awaited both of Mao Zedong's official successors: Liu Shao-ji and Lin Biao. But in fact the one-man dictatorship was combined with the formal preservation of democratic party election institutions. The death of the leader was therefore immediately followed by a period of fierce struggle for power. The logic of this struggle was typically very similar in both countries. The first to fall were those who were closest to the dictator and connected with the policy of terror (Beria and Abakumov in the USSR; the "gang of four" in China). These people become scapegoats to some degree. After the struggle for power, the new leader wins without these most odious figures and begins a reform policy (Khrushchev, Deng Xiaopeng). Thus is the transition to the third stage of society's development culminated.

Reform

Both the first and third stages in the development of our societies were characterized by great differences between countries. In the first of them in China, one leader—Mao Zedong combined in his person two largely opposite roles that were performed by different people—Lenin and Stalin—in our country. The third stage in China is dominated by one individual: Deng Xiaopeng. In our country, the first round of reforms, which ended in the fall of Khrushchev, was followed by the so-called period of stagnation in which half-way, spiritless reactionary Stalinist trends were combined with equally half-way and spiritless reform efforts (the Kosygin reform) and then)process developed with new vigor and immeasurably greater consistency.

But notwithstanding the specifics of change and differences in our country between the first and second round, the third stage can be defined as a single reform process. It is characterized by the transition from the total plan to the ever greater introduction of the market mechanism; from absolute dictatorship to the development of both intraparty and social democracy; from the dominance of quasireligious dogma to the ever greater tolerance of ideas, to dialog with other world views. At the same time, the hour hand appears to be moving in the opposite direction as if returning to the first stage. But like all kind of returning, it has more of an external, imaginary similarity with its predecessor. Thus the first stage is dominated by revolutionary enthusiasm and intolerance that pave the way for a second-stage society. The third stage takes place in an entirely different psychological climate. The second stage is a kind of "unsuccessful experiment" and its failure inevitably creates elements of crisis in the life of society. The result is that the gradual and systematic dismantling of systems created by Stalin and Mao threatens to grow into uncontrollable disorganization and chaos and only the future will show how we can cope with the difficulties that arise in this respect.

Dogmatization meant the creation of a kind of wall around our societies and their self-isolation, not only from countries with an ideology that is truly remote from us, but to an even greater degree from "heretics," i. e., from one another. In the third stage, our societies which are being dedogmatized, appear to return to the "big world" and here we naturally meet and extend our hands to one another. In this rapprochement, there will once again be a similarity with the first stage, but the similarity is more external because this rapprochement is no longer on a dogmatic basis, but is based on pragmatic goals and common human values. We are neighbors and not only neighbors, but societies with very similar problems, for which it is natural to learn from one another and to help one another.

Particular factors influencing the development of Soviet and Chinese society

The preceding analysis is based on the similarity and common logic of the evolution of Soviet and Chinese sociopolitical and ideological systems. But there are naturally also big differences between them that are explained by all manner of factors.

First, there are factors that result from the dissimilar level of socioeconomic development, from the significantly greater backwardness of China where the share of the peasantry is higher than in Russia, while the share of the working class and intelligentsia is lower. The significance of this group of factors is very great. For example, in the third stage the economic reform in China—paradoxical as it may seem—is made easier by its relative backwardness, by the predominance of peasant farms that are capable of rapidly restoring normal economic activity the instant they are unfettered.

The second group of factors is connected with the different time of occurrence of the Russian and Chinese revolutions. The CPC came to the revolution already formed as a party belonging to the international communist movement headed by Stalin. It did not by any means have the democratic spirit that our Leninist party had in 1917. The cult of the leader was normal for it and Mao Zedong, who was unquestionably under the influence of the Stalinist model, saw himself as a "Chinese Stalin." But as we have already said, this did not prevent him from objectively adhering more to the Leninist than to the Stalinist model.

Third: personal and random factors. Their role is very great. Let us imagine for a minute that Mao Zedong had died somewhere in the year 1955. Then China would have been ruled by some other person in the second stage while the third stage would very obviously have transpired under the slogan of a return to the behests of Mao Zedong. Other historical configurations would have been generated in our history by a victory in the intraparty struggle not by Stalin but by some other figure; by the early death of Stalin; by a victory not by Khrushchev but, let us assume, by Malenkov; by the assumption of power not by Brezhnev but by Kosygin, and so on and so forth.

All this would have altered the course of history to a significant degree. But all that has been said above indicates that the general rhythm of the three stages of development that have naturally given way to one another is independent of these random, subjective factors.

The fourth group of factors is connected with the different correlation between basic and non-basic ethnic groups in the state. Russians are not the overwhelming majority (possibly the census will show that they now are not even the majority) of the population of the USSR. In addition to Russians, the USSR is populated by many peoples who have an ancient culture and even their own traditions of statehood. It was possible for us to preserve this heterogeneous conglomerate of ethnic groups, which we inherited from the Russian empire, only because the ideology that triumphed in the course of the revolution was internationalistic, because it proclaimed the full equality of nations and the creation of a state of a new type—the USSR, which was federal rather than unitary. Naturally society in the second stage could not be federal. The federation is preserved primarily in words, but the state takes on features of the "old regime" and becomes more and more aware of itself as the successor to an empire, an empire under another name. In the third stage this generates specific difficulties when elements of the crisis of ideas and institutions lead to the growth of nationalistic feelings, ideologies and movements that divide the country.

Such a rhythm is also seen in Chinese history: in the second period of development of the PRC, for example, there was the Sinitization *kitaizatsiya* of Tibet which was in fact deprived of its autonomy, but in the third stage in Tibet (and not only in Tibet) there are nationalistic movements. But in China, Chinese or the Han people, comprise more than 90 percent of the population. The threat from nationalistic movements here is immeasurably less than in the USSR, which makes the reform process significantly easier.

It would also be possible to cite a large number of different factors—from the demographic factor (totally different population density and size) to foreign policy factors. They have all modified our postrevolutionary development and have determined the diversity of the forms in which the USSR and PRC went through their natural stages of development. The study of their role is a task of infinite complexity and cannot be the subject of the present article. They are factors that are connected with the different cultural and religious traditions of the basic ethnic groups: the Russian Orthodox tradition in the USSR and the Confucian-Buddhist-Taoist tradition in China.

Cultural and religious traditions in the development of the PRC and the USSR

First of all, it must be noted that notwithstanding differences in these traditions, both of them have promoted the victory specifically of our ideology even if

from completely different, even opposing sides. Orthodoxy, like all forms of Christianity, affirms man's individuality and his immortal soul as the highest value and the salvation of his immortal soul as man's highest goal. It is the doctrine of the "kingdom of heaven." This world is only a temporary ordeal. Orthodoxy "devalues" earthly life more than Western forms of Christianity, as a result of which "indifference" to earthly matters easily becomes the total subordination of the entire secular, worldly sphere, in the very broad sense of the term all the way to the sphere of church organization (the Synod introduced by Peter I) to state power.

As a result of Petrovian reforms, the church was in fact deprived of independence in public life and became a kind of "appendage of the autocracy." There were hidden de-Christianization processes in society, there was growing indifference toward religion among the masses, and atheistic and revolutionary forms of ideology were diffused among the intelligentsia. The revolution that swept out the autocracy also swept away its appendage. The masses lost their largely external, traditionalistic religiosity in an amazingly short time. The resulting vacuum was filled by a new ideology that acquired quasireligious forms.

However orthodoxy is still not an appendage of autocracy, is not only an ideology that hollows the old order. It is also an independent spiritual force that could be preserved in the revolutionary storm. Orthodoxy once again became subordinate to the state, but was no longer subordinate to a formally orthodox but to an atheistic state. It became a kind of "ghetto," but its very existence means the existence of an alternative spiritual force in the culture. If we consider that Soviet society embodies numerous cultural traditions of various nationalities, that Russia has been exposed to the influence of Western ideological currents considerably longer than China, we will have to admit that the USSR, notwithstanding the dominance of totalitarian ideology, has always been a society with a very complexly organized and pluralistic culture. This complexity could not be destroyed. It was in the churches, in the poetry of Pushkin and Lermontov, in Rublev's icons, in Ivanov's painting, in Chekhov's stories.

Confucianism promoted the victory of Marxist revolutionary ideology in entirely different ways. While orthodoxy and the state were on different planes to a certain degree and in different measurements, Confucianism, to the contrary, was a social doctrine, a doctrine of "this world." This world was to Confucianism the only, the most important thing. Man's task was not to save his immortal soul but to perform his social roles properly as subject, father, son, husband, etc., thereby maintaining social harmony. Order in this world, which was handed down from Heaven, was directly based on the Confucian teaching on the proper organization of relations between people according to the laws of Heaven. Civil servants, who were recruited on the basis of examinations of their knowledge of Confucian doctrine, were not only the state and secular but also the sacral, "church" hierarchy.

In Russia, the other-worldly, ascetic ideal of Orthodoxy harmonized magnificently with the very dubious morality that reigned in the secular sphere and that was in fact out of religious control. But this ideal nevertheless remained creating a specific split, the complex spiritual organization of Russian man that was so beautifully revealed by Dostoevsky. In the Russian soul, as in Russian culture, there is a certain deep "underground," from which all manner of "surprises can emanate, that devalues its social being. The dominant ideal in Chinese culture, on the other hand, is the man of social duty, the noble husband who serves the "cause rather than people," who is not afraid to tell the truth to his sovereign even if it costs him his life. This man is by no means a slave. He is capable of rebelling against his sovereign if the latter does not do his duty.

China is a classical country of victorious popular rebellions. On the other hand, however, it is always on a single plane in its social being because if it rebels, it rebels not against order, but in the name of order that is naturally breached (the idea of constant cycles of departure from ideal order and the restoration of order is immanent in Confucianism) and just as naturally restored. There is no alternative to this order. That which opposes it is not merely some other order, it is simply disorder. This "single-dimensionality" of Confucianism was only partially compensated by the symbiosis of Buddhism and Taoism. They did not so much devalue Confucian order as call into question the reality of the world as a whole and did not affirm the supreme value of the individual and the "immortality of the soul," but to the contrary tried to dissolve the individual in the Absolute.

But how did Confucianism promote the victory of Marxism? First because it was a doctrine about society. When the Chinese realized that looking for answers to contemporary problems in traditions dating back to the times of Yao and Shun meant China's loss of its independence, they started looking for a new, nontraditional, modern doctrine, but once again a doctrine of social relations and proper organization of society. And if the Kuomintang ideology was too amorphous and indeterminate, Marxism was perceived as the modern doctrine of proper social organization based on writings no less authoritative than Confucian. The domination of the "ganbu" ideological-bureaucratic hierarchy in society was also entirely natural for China because the hierarchy of the Confucian "shenshi" was also an ideological-bureaucratic hierarchy. The idea that there is one natural doctrine of the proper organization and that society must be governed by those who know this doctrine best is deeply ingrained in the Chinese consciousness. After all, even Taiwanese rulers, for all their dependence on the West and their striving to create a "Western facade" for their society, are only now legalizing opposition parties with enormous effort. At the same time, Confucianism, which was not merely an "appendage" of the old system, but its soul and essence, was disintegrating together with this old system thereby opening the way to the new doctrine of proper relations in society, because this was specifically how Marxism was perceived by China's masses.

Confucianism did not have its own organizational structure and unlike orthodoxy could not survive as an independent force. It did, however, have a powerful impact on the reception of the new ideology that permeated all strata of society that acquired an immeasurably greater ideological homogeneity than in the USSR. But how do these differences in Russian and Chinese cultural traditions influence the evolution of our societies?

Comparison of the postrevolutionary development of the PRC and the USSR reveals a number of points that strikingly contradict our stereotypes about Europe and Asia. Among them the immeasurably greater participation of the broad masses in Chinese political life than was the case in the USSR, which was most clearly revealed by the comparison of the "cultural revolution" with our year of 1937. Our terror was the terror of the *Okhranka* [secret political police department in tsarist Russia]. The masses' participation in it was purely formal and took the form of approving its actions at rehearsed meetings. Situations in which young workers and students would identify "revisionists," be insubordinate to the party and state leadership, organize bloody battles with one another, and even resist the army absolutely could not have happened during the Stalin era. But this was specifically the situation in China. The cultural revolution began with a wall poster issued by Mao in which he called for directing "fire on the headquarters." This was inspired by him, but in fact it was a popular movement in which the entire country participated. It was impossible to hide from it or to "ait it out," but it was nevertheless not as bloody as the Stalinist terror.

A higher degree of mass activity in China than in the USSR was shown not only during the "cultural revolution." Is it conceivable that the ouster of Beria in our country would have begun with a mass demonstration by the people in Red Square? But the liquidation of the "gang of four" followed just such a demonstration in Tiananmen Square in Beijing where thousands of people spontaneously assembled to express their sympathy for the late Zhou En-lai, who for them embodied the moderate and rational policy of the first stage, and to protest the new leadership that had been promoted by the moribund "cultural revolution." Mass movements in support of highly accelerated democratization in 1986 and 1989 that ended so unexpectedly and tragically also had no direct analogues with events in the USSR. After all, on the one hand these movements were not economic or acquired a political character subsequently primarily because of the unbearable economic situation, and on the other hand they were not ethnic. These are the two types of mass movements that we know. They did not by any means develop in the liberal atmosphere that has formed in our country in recent years. They were the actions of people who were prepared to make sacrifices in the name of reform in a society and a state that they felt to be their society and their state.

The ruling hierarchy in China also typically enjoys a greater degree of freedom. Under Stalin, representatives of the ruling hierarchy never had their own position and notwithstanding had to fear for their lives every minute

because they could be shot if they displeased the dictator in any way. We have no one analogous to Deng Xiaoping who retained his particular point of view and his life after being banished twice to the countryside from whence he also twice returned. In a word, painful though it may be, we must admit that the Chinese, entirely contradicting the stereotypes of "oriental fanaticism" and "despotism" have shown more civic mindedness and humaneness than we. Was this connected with the Chinese cultural tradition?

In our view, there is the most direct connection here. Confucian tradition encouraged a unique kind of social activism. The social order to the Chinese has never been something alien, indifferent, or lacking in higher value. This tradition did not die with the death of Confucianism. To the contrary, the fact that the new ideology won over practically all society meant that the problems of the party political struggle concerned everyone. They were put forth in the street, they were discussed in the street, and the entire street participated in this struggle. Ideological homogeneity itself paradoxically led to social activism. All Chinese history and China's entire millennial culture had fostered the conviction that when the government deviates from the ideal, it is the duty of the "noble man" to tell the sovereign the truth to his face without fear of death and that when this deviation from the ideal is catastrophic, it is the people's duty to rebel.

Mao and those around him could not eliminate such people entirely from public life. The understanding of the fact that the Confucian cultural tradition restricted autocracy evidently prompted Mao to organize a campaign to "criticize Confucius" and to attempt to "rehabilitate" Jing Shi-huang—a historical figure and tyrant from Chinese antiquity who was treated negatively in the Confucian interpretation. But breaking stereotypes and values fostered for millennia proved to be an impracticable task even for an omnipotent ruler. Mao himself evidently also shared these values to a certain degree. His "cultural revolution" clearly shows his desire to take personal charge of the uprising against the opportunistic hierarchy that was deviating from the true principles.

We were a more pliable material because our historical tradition was entirely different. It was more the tradition of uncontrolled, tyrannical power that did whatever it wanted with the people. It was the tradition of Ivan the Terrible and Peter I and the tsars, toward the images and activity of whom Stalin oriented himself, and who are not the "negative personages" in our people's perception of the historical drama that Jing Shi-huang is in the Chinese consciousness.

But there is also another side to China's unique "democratism." Another reason why Mao was able to arouse the people's passions was that to a certain degree he did not have to fear them: this did not mean letting the genie out of the bottle. Thus even Taiwan was not a real ideological challenge because the Kuomintangites were not by any means our Whites, but were a party with which the Chinese Communist Party had collaborated

and to which the CCP had belonged, and it also established a one-party system on its island.

Mao manipulated the masses, sent party workers and intellectuals into the countryside to brainwash the peasantry, later used those who were brought forth by the "cultural revolution," and drew upon the masses—the millions of Red Guards and rumor-mongers. In our opinion, Stalinist terror, to the contrary, was in large measure connected with uncertainty and mistrustfulness, with Stalin's fear. This was the fear of everyone all together, of every individual, of every person whose innermost soul may be concealing all manner of "surprises." It was, if it can be expressed in this way, a fear of culture in which there is everything: traditionalism, mysticism, anarchism, populism, liberalism, monarchism, Slavophilism, and Westernism. This culture is too diverse, contradictory, and rich for Stalin's dictatorship, to say nothing of the culture of other peoples of the USSR with their intellectual traditions that run the gamut from Buddhism to Lithuanian clericalism. Stalin did not so much manipulate the masses as try to break and crush one and all underfoot because he feared one and all.

In our view the given cultural and ideological differences also affect particular aspects of reform processes in our countries. These processes have an immeasurably longer history in our country and, if one counts the entire period following the death of Stalin, were more "timid" and slower than in China, whose leadership showed pragmatism and boldness that were unthinkable not only for Khrushchev, but in the economic sphere have not been surpassed by us even today. What is the explanation for our relative "timidity" and "constraint"? Obviously the same fear of our own society and our own culture, the fear that if the pressure is relaxed, the genie will get out of the bottle. And this "genie," in the form of opposing, different philosophical tendencies that are absolutely not reducible to any kind of uniform formulas, indeed raged in the "spiritual underground," broke through the obstacles of censorship, splashed forth with the overseas emigres, and now, having surmounted all the impediments, is raging in the pages of our press and at meetings. This complexity, richness and tension in intellectual life greatly hinders purposeful policy and forces even the present, bold, and reform-minded leadership to constantly "look over its shoulder" because every step generates intellectual storms and endless disputes, and the "relaxation of the reins" has indeed led to horrible and bloody consequences connected with nationalist explosions. But rich intellectual life at the same time generates—both during the period of stagnation and even during the Stalinist period—literature and art at the world level under conditions of official pressure that are inconceivable in the West. That which increasingly threatens us with chaos at the same time also brings us closer to a truly democratic society.

The intellectual situation in China is entirely different. The boldness and pragmatism of the Chinese leadership

is connected with the greater intellectual homogeneity and strength of Chinese society, with the absence of real intellectual alternatives.

In our view, the events of May and June 1989 do not refute what has been said above. Notwithstanding certain extremist and scandalous actions, on the whole the broad movement for the democratization of students, workers and intellectuals retained the combination of enthusiasm and personal courage of the participants with the relative moderateness of demands that typify actions by the Chinese people. The great majority of its participants were not trying to overthrow the Chinese Communist Party and were not guided by any alternative ideologies. But in our view, we should neither exaggerate the significance of this movement nor the significance of its defeat. Victory would not have meant the transformation of China into a parliamentary democracy and we do not think that it will become one in 5 or 10 years. On the other hand, defeat does not mean a return to the past. Such a return is generally inconceivable. There can only be delays in development and periods of stagnation. But neither stagnation nor even social catastrophes signify the termination of processes leading to the creation of a democratic society in which the combination and share of various forms of property will be determined by the needs of the economy and not by ideological dogmas.

The formation of these societies is a natural historical process that all mankind follows, but that different countries follow in various forms by various avenues. The USSR and China embody one of these avenues that is connected with the victory of Marxist revolutionary ideology in societies that are emerging from the Middle Ages. Comparison of our countries makes it possible to evaluate both their regularities and unique features stemming from the diversity of cultural traditions.

Footnotes

1. Mao Zedong, "Izbrannyye proizvedeniya" [Selected Works], Vol 3, Moscow, 1953, p 210.

2. "Istoriya stran Azii i Afriki v noveysheye vremena" [Contemporary History of Asian and African Countries], Moscow, 1979, p 43.

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PROBLEMS OF THE INTEGRAL WORLD

MEMO Roundtable on the Theory of a Universal Economy

904M0007D Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 12, Dec 89 pp 58-72

[Article: "On the Question of the Theory of a Universal Economy (A MEMO Roundtable)"]

[Text] Materials of a discussion in Soviet economic science on the theory of a universal economy have been publicized in *MEMO's* pages for a number of years. The discussion has reached a stage where it makes sense to sum up certain results and to define avenues of further study of the chosen topic. The journal's editors called upon participants in the discussion and a number of other scholars specializing in international economic relations to express their opinions on the following questions:

—what is your assessment of the scientific results of the discussion of a universal economy;

—which conclusions arrived at in the discussion would you like to support or dispute;

—what important aspects of the topic were not sufficiently developed in your opinion;

—what directions of future search, ideas or ready conceptions can you propose?

Assembled at the MEMO roundtable were: Professor M. K. Bunkina, doctor of economic sciences (CPSU Central Committee Social Sciences Institute); Professor I. D. Ivanov, doctor of economic sciences (State Foreign Economic Commission, USSR Council of Ministers); Professor M. M. Maksimova, doctor of economic sciences (IMEMO); Professor E. P. Pletnev (CPSU Central Committee Social Sciences Institute); A. S. Solonitskiy, candidate of economic sciences (IMEMO); Professor I. P. Faminskiy, doctor of economic sciences (VNIIEV [expansion not given], State Foreign Economic Commission, USSR Council of Ministers); F. P. Filippov, candidate of economic sciences (military educational institution); Professor G. G. Chibrikov, doctor of economic sciences (Moscow State University); and Professor Yu. V. Shishkov (IMEMO).

V. A. Slavinskiy, candidate of economic sciences (IMEMO), one of the initiators of the meeting, was assigned the role of moderator.

I

V. Slavinskiy. I hope that my involvement in disputes that still have not been resolved will not prevent me from being a sufficiently objective moderator. At any rate, I wish to assure everyone present that they will be guaranteed total equality and freedom of expression. The discussion of the world economy has a long history but the works of E. Pletnev and Yu. Shishkov are unquestionably the basis of its last phase which we are examining today. For all the other participants, the conceptions of these scholars were centers of attraction and repulsion. It is therefore feasible to begin the discussion with a presentation of their positions.

E. Pletnev. The discussion of a worldwide, i.e., an integrated world economy has come full circle because the debaters still advocate their initial positions. One side continues to defend the concept of the old German school of 19th century economists (while, incidentally, not always suspecting this), viewing the world economy

as the aggregate of national economies. The other side views the world economy as a system of international economic interrelations that transcend the boundaries of their national economies only to the degree that is necessary and sufficient to influence the advantageousness of the country's participation in the world economy.

In the course of the discussion which has variously intensified and abated, there has been a perceptible evolution in the views of the debaters and even a lessening of extreme points of view. Participants who entered the debate convinced that the world economy is nothing more than the aggregate or sum of national economies made a step forward by acknowledging interrelationships between the components of the world economic system. Their opponents in turn came to understand that while placing economic relations that transcend state borders at the center of research on the world economy, we must not lose sight of the prerequisites, the mechanism, and the results of this process.

K. Marx believed that international production relations were in the nature of derivative, non-primary relations. In terms of the formation of the conditions of human activity and the action mechanism of economic laws, they are unquestionably non-primary. But as regards the entire system of relations that ensnares countries, peoples, and historical communities, this is a special subject. Marx began his initial version of "Capital" by analyzing the theory of capital and showed that it was impossible to begin with seemingly self-evident basic categories such as the world market, world value, and world price. They can only be used at the end. Marx included the "world market" in the plan for the sixth book as conclusions from what he had researched in the internal sphere.

In my view, it is expedient to support the interpretation of international production relations that comprise the essence of the world economy as being secondary and derivative from intra-national economic bases. The approach of our opponents is based on the understanding of the secondary nature of international economic relations only in this single sense in which the place of relations relating to distribution, exchange, and consumption compared with production itself is usually examined. Thus it seems to me that they risk not only committing a logical mistake but also of being confronted by a practical dilemma when the "primariness" is seriously sought in joint international production mixed from different national funds. Production relations in the international arena are inevitably secondary because they are transferred from internal national circulation. This means, *inter alia*, that the objective conditions for the action of economic laws in the world economic arena form under the influence of national economies depending on their weighted participation. International value, for example, forms on the basis of the comparison of national values in accordance with a country's contribution to the average world level of the duration, intensiveness, and productivity of labor. The formation of value in the national and world market is not uniform. According to Marx, more productive labor

in the national market reduces to more intensive labor. More intensive labor reduces to labor of longer duration. Labor of longer duration is considered the creator of the larger part of value. In the world market, intensiveness does not reduce to simple duration. To equate these processes without seeing a qualitative difference, to transcend the boundary without noticing it means not understanding the subject of political economy.

Unfortunately, the discussion has practically not gone beyond the framework of methodology, etymology or even terminology. If it is renewed, we should obviously discuss the range of questions connected with the urgent need to incorporate our economy in the structure of world economic relations. The system of interdepartmental partitions in our economy prevents the free transfer of resources between branches and consequently the formation of socially necessary costs and hence prices expressing the national value of goods and services. That is, the process of formation of national value does not take place. How, then, can we talk about entering the arena in which international value is formed? Scores of our industrial enterprise simply do not exist for the world economy as yet. Our national economy will be able to become an integral part of the world economy only when Soviet enterprises (consortiums) attain a level that distinguishes centers of formation of international value. In our country, however, it is thought that every one of our enterprises has the right to enter the foreign market. And the main criterion that determines the possibility of including an enterprise in world economic circulation is its self-assessment.

I. Faminskiy. But is the entry of an enterprise into the world market regulated from above in the West?

E. Plotnev. No, from below. But an enterprise in the West is usually part of a concern—a higher structural organism.

Effective participation in world trade requires the deep restructuring of our economy. At present, however, Soviet enterprises entering the international market can only evaluate themselves in terms of their own norms and they vie with one another for the privileged foreign exchange coefficients that are established for the various branches. Therefore the losses we sustain in value terms not only cannot be compensated, they cannot even be calculated.

I. Faminskiy. It seems to me that you are greatly exaggerating when you speak of the danger of giving an enterprise the right to enter the world market on its own. By entering into the competitive struggle and earning hard currency, an enterprise can buy what it needs in the West. These actions undermine the monopoly of suppliers within the nation and impel our internal reform in the direction of the more active use of commodity-monetary relations.

Of course certain contradictions exist in the area of foreign economic activity. I agree with you on that point. While enterprises have been granted many rights, they

are not really always able to exercise them because our internal reform lags behind our external reform. We have not instituted wholesale trade and enterprises are unable to increase their exports even if they wish to because they lack the raw materials. They are stifled by orders and ceilings. But the very fact that they can enter the external market is very important.

What is more, why is it that only concerns or large structural units can enter the world market? After all, we know that 40 percent of all trade in the capitalist market is carried on by small and medium-size enterprises.

M. Bunkina. I would like to ask E. Pietnev this question: if we are not able to become involved in world economic circulation, do you think that it will be possible to restructure our economy entirely on the basis of internal reserves?

E. Pietnev. I think that the center of gravity must be at home. There is no one we can count on. I see the solution to lie in the creation of large concerns in the Soviet Union. We must not wait until relations form spontaneously between individual enterprises—this would take many years. The establishment of concerns must be accelerated and conducted from the center according to plan. An enormous role must be played here by science, including the science of political economy. Theory must be synthesized with practice. The success of perestroika depends on the degree to which practice is combined with theoretical political economy. There will inevitably be failures on an ascending scale if the emphasis is placed on practical results at all costs without regard to theory.

M. Bunkina. You emphasize the need for a connection between practice and theory, which in my view is entirely appropriate: the practical side requires the corresponding theoretical support and new conceptualization. But the question arises: for whom and why will it be bad if we emphasize practice in isolation from theory? For our theory? It seems to me that we are putting the cart before the horse. After all, theory is supposed to adequately reflect present and future needs, to light the way for practice, but not impede the search for solutions.

Are we ready to accept what is now called the new economic thinking? Let us candidly admit that little has as yet been accomplished in the rethinking of the theoretical principles of international economic relations. The political scientists are ahead of us. Indeed, political reforms, both inside the nation and in foreign policy, are being implemented at a faster pace and are producing results earlier than economic reforms. Nevertheless we continue to adapt old categories to the new realities, to touch them up cosmetically. This is true of political economy in general.

I am not one of those who believes that Marxist-Leninist science will glisten like a diamond from all facets the instant extraneous material and falsifications are removed from it. The outstanding role of V. I. Lenin in formulating the theory of the world economy is indisputable. But 70 years filled with change that are obviously without parallel

in history have passed since then and we continue to use quotations taken from another time as proof. Examples of theses that do not correspond to the present state of things are: the incompatibility of monopolies in an economy with nonpredatory, nonviolent modes of political action; the view of the group of developed capitalist countries as a kind of elitist club that is closed to second- and third-echelon countries (the bipolar nature of the capitalist world); and the conclusion that contradictions between capitalist countries are a reserve for proletarian revolution. There are, to be sure, also attempts to provide a radical answer to the question of the future of these contradictions: for example, if centripetal tendencies in the capitalist world triumph, this irregularity (*neravnomenost*) will relate to the past for a long time, virtually forever. However, it should be remembered that the irregularity of economic and political development inheres not only in monopoly capital, that it is the single form of movement of economic, social, and political processes that is immanent in the world community as a whole and that stems from the objective inequality of the conditions of competition. *Neravnomenost* has contradictions and conflicts as its inevitable consequence. All thinking people must be interested in resolving the latter peacefully, in maintaining stability regardless of where these contradictions intensify: in the capitalist world or between socialist countries.

I would like to share my doubts regarding the legitimacy of applying the term "imperialism" to the developed capitalist countries. Not only in terms of people's diplomacy and the disassembling of the "image of the enemy," but also for reasons of a substantive nature.

The concepts "imperialism" and "monopoly capitalism" still do not coincide in terms of their historical or geographical genesis. Monopoly capitalism remains the dominant force in the capitalist system and its transnationalization is increasing. But the possibility of a state-monopoly capitalism that is demilitarized (to a certain degree) and hence non-aggressive is a reality today.

Yu. Shishkov. This is not the first year of discussion of the world economy. It has found quite a broad resonance. But my attitude toward it is by no means unambiguous. I will first present my opinion of its positive aspects.

First of all, the discussion has struck a blow against stagnant ideological dogmas. It has been instrumental in correcting the vision of the world as eternally split into two systems and has made it possible to overcome the holy terror inspired by the "convergence" of socialism and capitalism which some of those present continue to fear. I remind you that it began back in 1984 and that it has probably in some degree laid the foundation for a new political view of the world as an integrated, interconnected, objective, if contradictory unity. Such a view was recorded in the documents of the 27th CPSU Congress in 1986 and has already produced many beneficial practical results.

On a scientific plane, the discussion has posed a number of urgent questions.

—what is the economic essence of the "world economy" concept?

—wherein is its economic wholeness manifested?

—how do capitalist, socialist, and other systems with different levels of development of productive forces and different social nature fit this integrated economy?

—what is the internal structure of the production relations that connect these systems vertically?

—wherein is the genetic unity of production relations ensuring the possibility of interaction of different systems expressed?

Most of these and other related questions require further study and discussion.

On the other hand, I have been largely disappointed with the results of the discussion. In my view, some of the comments have not been sufficiently constructed and have deliberately distorted the opponent's positions.

Here is just one example. In the September 1987 issue of MEMO, I said that national systems of production relations in socialist and capitalist countries in the course of the economic interaction of the latter came into direct contact with one another rather than through buffers of "secondary," "transferred" and other similar relations forming a "metasystem." "...Many of our theorists," it was stated, "have taken the sermons (of the proponents of convergence) seriously and have begun shying away from any explanation of intersystemic relations if they permit the direct interaction of opposing systems of appropriation."¹

E. Pletnev writes in reference to this judgment that the reform of the Soviet foreign economic mechanism and the scrapping of the country's old foreign trade structure "come as a complete surprise to a number of economists since they already believe that existing internal structures (E.—Yu. Sh.) even without perestroika are ripe for "direct interaction" with an "opposing system of appropriation."² The dispute between us concerned the possibility or impossibility of the "convergence" of the two social systems without buffers. Here, however, a problem of an entirely different level and content was raised: whether our internal economic structures are effective and whether a reform of the foreign economic mechanism is needed. This is an incorrect polemical technique that is known as switching the opponent's thesis. At the same time, in his article E. Pletnev did not answer a single question that was asked directly regarding the essence of his own conception.

A number of participants in the roundtable insist on the need to differentiate the world economy in the narrow sense as systems of international economic relations. If national economies are included in the world economy,

they say, the very subject of research of the science of international relations will disappear. To my way of thinking, this position is not convincing.

First, any subject of research is an objective phenomenon. For example, even though theology numbers any centuries, the life hereafter still does not exist. Accordingly, the argument in favor of the existence of some kind of special intercountry or noncountry economy [*mezhdunarodnoye ili vneshnorennoye khozyaystvo*] is erroneous.

Second, it is important to clarify specifically what the science of international economic relations studies. According to its semantic sense, it means relations between people or more precisely between national economies—large territorial economic complexes that function within the organizational framework of individual countries. The entire aggregate of such relations in the first approximation is divided into two types. Conventional economic ties and relations that transcend national boundaries comprise a large part of them. They are the buying and selling of goods and services, the crediting of trade operations or interbank borrowing of credit resources, relations based on the investment of entrepreneurial capital, the creation of mixed companies, production or scientific-technical cooperation, etc. How do these relations differ from intracountry [*vnutritrannoye*] relations? By some kind of exotic objective laws that are not found in national economies? No. Perhaps by virtue of some special internal structure (naturally, a real structure and not one that is artificially created by dividing them into "secondary" and "transferred" structures, etc.). Here, too, there is nothing fundamentally new.

Wherein, then, do their specifics consist? In the fact that they form from various national economies that differ in the level of maturity of their internal productive forces and production relations and even more by the specifics of the legal and administrative regime that regulates the interaction of micro-, meso- and macroeconomic economies of different countries. While protecting the national interests of domestic participants in the international division of labor and exchange, each state in its own way restricts, stimulates, or simply monitors international ties and international economic relations. It is this volitional intervention that generates most of the anomalies that inhere in this group of international relations. For example, the effect of deflecting commodity flows by customs barriers, the "drain" of capital to countries with a more favorable tax system, change in the competitiveness of national products due to the movement of currency exchange rates, which in turn depends largely on national monetary-credit policy, etc.

The other part of international economic relations forms specially for the purpose of securing the interaction of national economic complexes. They are foreign exchange relations, payment relations, international credit relations, patent-licensing relations, etc. These international

relations form on the basis of economic regularities at a technical level, so to speak, that are common for the given sphere.

Both anomalies in the behavior of the first group of international economic relations and mini-regularities of the second require special study and constitute the subject of an individual economic discipline just as problems pertaining to the legal regulation of these relations are the subject of a special legal discipline: international economic law. However none of these groups of international economic relations forms an independent system. All of them are rooted in national economic relations. The very existence of the former and all the more so their everyday "behavior" is determined by the state of the national economies. It is my view that all this does not establish grounds for making international economic relations a "world economy" in the narrow sense, i. e., outside the system of national economies. But I am not saying that production relations by themselves cannot form any kind of economy in isolation from productive forces and the economic superstructure.³

What, then, are international economic relations? They are a specific subsystem of production relations throughout the universal economy that serves the interaction of national economies belonging to it, thereby ensuring its functioning as an integrated economic organism on the scale of the entire planet.

The discussion has indicated the circle of problems that should be studied intensively. One direction is research on mechanisms for coupling different technological modes of production and different socioeconomic systems in the universal economy to the integration of the Soviet economy into the universal economy. Another direction is the study of regularities of the growth of openness of national economies when they grow into world economic relations that have a bearing on economic security issues. One other possible direction is changes in the character of world economic relations as a result of the transnationalization of the production process directly and the development of international cooperation in production. The reference is to deep modification of market relations and resulting change in the very character of the interdependence of national economies. This opens up a new vision of the prospect for interrelations between a technologically progressive "center" of the world economy and the less developed "periphery." At the same time, these problems are also connected with ways of overcoming the Soviet economy's technological lag.

F. Filippov. There is no way I can agree with the geographical (territorial) approach to the evaluation of the specifics of international relations. In my view, this was the case in one way or another in articles by V. Slavinskiy, B. Bunkina and N. Petrov, and Yu. Shishkov. Political does not and cannot have such an aspect for examining production relations. It is difficult, for example, to reveal the essence of the following statement

in terms of political economy: "The problem of the correlation of social and territorial (national) aspects in the system of international economic relations...." (my emphasis—F. F. Or: "Instead of researching the capitalist mode of production on a worldwide scale...we are told to confine ourselves to capitalism's world economic ties." But what is "scale" in political economy? What is the content of the "category"?)

It is incomprehensible why opponents of the so-called narrow interpretation of the universal economy equate international economic relations with market and trade relations. M. Bunkina and N. Petrov, for example, write the following about E. Pletnev's conception: "Of course, the study of international trade and economic relations is in itself very important...." (my emphasis.—F. F. A. Yu. Shishkov believes that: "The wholeness of the modern economy is also secured by certain elements of international production relations of a "nonessential universal character, predominantly by relations of exchange." Today it is already clear that building foreign economic intercourse solely on trade ties means not using the enormous potential for increasing the effectiveness of national social production.

Advocates of E. Pletnev's conception (and I am one of them) have never reduced international economic relations exclusively to market relations.

Yu. Shishkov. If I understood you correctly, you relate the broad interpretation of the universal economy to economic geography. Do you believe that this approach is territorial and that the problem goes beyond the framework of political economy?

F. Filippov. We inevitably come back to the subject of political economy. The main problem is to define what political economy studies in the universal economy. Will we identify surface phenomena or will we study the regularities that will enable us to build our economic practice intelligently? Political economy must necessarily study the relations of universal economic intercourse that have acquired exceptionally great importance today. At the same time, I naturally do not neglect problems of applied economic research of various aspects of the functioning of the universal economic mechanism.

V. Slavinskiy. Permit me to reply. In my opinion, any criticism should be accepted gratefully if it reveals weak points in our conceptions. But in the course of the discussion, there have occasionally been incidents that the reader may not have noticed but that have confused the already complex picture of the correlation of the participants' positions. Yu. Shishkov has already cited one example. While we are "hot on the heels" of it, I would like to cite two more so as not to return to the topic again.

F. Filippov has just criticized a number of those present (myself included) for a "geographical (territorial) approach to the evaluation of the specifics of international relations." In his opinion, political economy does

not and cannot have such an aspect from which to examine production relations. In my view, this opinion is entirely reasonable. What is more, my article was devoted to its substantiation. In order not to make unsubstantiated statements, I will follow my opponent's example and cite several textual excerpts. The system of production relations "taken as a whole, characterizes the socioeconomic, class essence of the mode of production, regardless of the spatial and administrative scale on which it develops. Consequently, within itself this system is not divided into national and international parts...To speak of qualitatively special international production relations is just as incorrect as it is to speak of a special 'international' political economy in addition to a 'national' political economy."⁸ I therefore believed and still believe that the "international production relations" that E. Pletnev regards as qualitatively special, secondary, etc., are nothing more than a geographical term that is devoid of any specific meaning in political economy. But what, then, is F. Filippov disputing?

The second example. F. Filippov unequivocally calls himself an advocate of E. Pletnev's conception and does not see the possibility of revealing the "politico-economic" essence of the pronouncement⁹ of Yu. Shishkov denoting the problem of the correlation between the social and territorial (national) aspects in the system of international economic relations. But I am familiar with the works of E. Pletnev and I know that it is specifically he who has long defended the legitimacy of posing this problem: "Obviously, it is a question not of some verbal hierarchy, but rather of a problem of enormous scientific and practical importance—the correlation of the social and national (international) in the world capitalist economy...."⁹ It is astonishing to find what is actually the same quotation (but from a later work by E. Pletnev) in an article by Yu. Shishkov himself, moreover immediately before the criticized "pronouncement." Thus, against whom is F. Filippov speaking and whose supporter is he?

II

V. Slavinskii. As we see, the remarks we have heard have not brought the participants closer together and have not even clarified their positions. This is evidence of the need for others to take part in the discussion. How does it look "from the side?" Igor Pavlovich, perhaps you will continue the discussion.

I. Faminskii. In my view, the basic source of disagreement among participants in the discussion is that each of them has his own view of the categories under examination and tries to defend it at all costs. I believe that we should first of all analyze the ongoing processes and only then assign them the appropriate names. Otherwise the debate will be endless.

Let us discuss "world economy" as a category in political economy. Yu. Shishkov defines it as follows in his article: "The universal economy is a whole economic system that self-reproduces itself at the level of the

productive forces, production relations, and certain aspects of relations in the superstructure to the extent that the national and world economies belonging to it possess a certain degree of compatibility at the three named levels."¹²

What kind of relations should we study when we examine the universal economy? Yu. Shishkov descends from the universal economy to the more concrete category of the "national economy." In my view, this is not entirely legitimate. The process must be examined historically. World economic relations originate because of the formation of national economies that act as separate formations to a certain degree.

E. Pletnev offers a more precise and correct definition of the universal economy: the universal economy is a category that reflects relations between countries. These relations are analyzed to the degree that the countries interact with one another. If we are discussing a capitalist economy, this is above all the international division of labor which influences the internal division of labor; capital export relations; and the actions of international monopolies that leave their mark on the national economy. Thus, I wish to say that in the aggregate of all existing economic relations, it is essential to single out the group that characterizes only the relations of the universal economy.

Yu. Shishkov. How do universal economic relations differ from relations within a national economy?

I. Faminskii. I have already tried to answer this question. The relations of the universal economy form from relations between national economies. If nations' economies disappear, there will be a single worldwide economy and there will be no specifics whatsoever of national and world relations. Now, at a time when countries and their systems exist, relations of the universal economy are based on relations between countries between countries belonging to different socioeconomic formations. There is a double separation: at the level of national economies and at the level of the two world systems.

When we study the universal economy, we must examine various levels of relations. The first includes the analysis of processes in the real internationalization of the productive forces (but not the study of the degree of development of the productive forces in each individual country). The second level embraces the production relations that arise as a result of the direct influence of the productive forces and are not connected with property relations. I am speaking of technico-economic relations. I would also relate questions pertaining to the division of labor, the organization of commodity turnover, and money and credit circulation to this level. Technico-economic relations are subject to reciprocal influence more than other relations. Therefore the practical use of specifically the second level becomes actually possible. The third level involves socioeconomic relations based on property relations. Given the present

existence of the two systems, they are developing in different directions even though it is of course impossible to deny entirely their reciprocal influence on one another.

Thus, the economic relations of individual national economies must be analyzed; the relations within the two existing world systems [must be analyzed] as relations between the countries comprising them; relations in the universal economy [must be analyzed] as the complex of relations arising between these two systems.

In this regard, it is also possible to talk about laws that embrace different levels of relations. There are laws that are operative at all levels: they are general laws but they acquire certain specific features at the level of international relations. There are also laws that relate only to the world economy within the framework of each system or only to the universal economy.

I think that questions pertaining to the universal economy must be studied not only by political economy, but also by the applied economic sciences. Moreover, a special science of universal economy has a right to exist.

G. Chibrikov. I subscribe to the view that both models of the universal economy are entitled to exist, that both approaches are scientific. The first model that views the universal economy as the aggregate of national economies in their interaction characterizes universal production, its structure, growth rates, the share of countries, regions, and socioeconomic systems in the production, consumption, and transporting of goods and services, etc. Such a frequently used indicator as the aggregate world GNP ultimately characterizes the universal economy as a whole.

The second model (the narrower approach)—the universal economy as a system of international economic relations, including intersystemic relations—shows the degree of internationalization of universal production. I think that if international production is combined with the system of international economic relations, this will be a universal economy in the narrow sense of the word as a system of international interaction. This model is based on the interpretation of the correlation between national and world markets given by K. Marx in "Economic Manuscripts of 1857-1859." According to it, the national market is a component part of the world market to the degree that it is connected with the international division of labor and world economic ties, and the national economy forms a component part of the universal economy to the extent that it is connected to the international division of labor and world economic relations.

Many participants in the discussion nevertheless spoke out against such a model. I think that this happened, first, because they do not see the difference between national economies and the world economy or they believe at any rate that it is disappearing. Thus, Yu. Shishkov writes: "If some of its (the national economy's—G. Ch.) branches directly interact with the outside world, the others will also be indirectly connected with it through them."¹ There is a

rational kernel in this position. Integration processes that embrace the entire world erode the boundary between national and international relations. But in my view it is hardly possible to consider national statehood outmoded and national economies to be entirely dissolved in the world economy.

The next reason is possibly that some economists deny the specifics of international economic relations and economic laws in the universal economy in the belief that when state borders are crossed, the concrete content and forms of action of these laws but not their essence change. This question requires special discussion. But it seems to me that the laws and economic relations of the universal economy nevertheless differ from intranational laws and relations, whether we are discussing the law of international value and the price of production, the law of competition, the law of concentration of production and capital, and others. Some of them are neutral to the various modes of production while other laws and relations are strongly affected by the basic production relation.

Finally, the third possible reason for rejecting the universal economy in the narrow sense of the word is the increasing interdependence of national economies.

Advocates of the broad interpretation of the universal economy emphasize the common aspects of the two socioeconomic systems and their convergence. A. Shapiro has written about such laws that are common to both systems as the law of correspondence of production relations to the productive forces; the law of increasing productivity of social labor; the law of increasing needs; the law of time- and resource-saving; and the law of value. Yu. Shishkov names the law of the increasing degree of international socialization of production, the law of increasing involvement of national economies in world economic relations and others.

It nevertheless seems to me to be insufficient to mention only common laws. Common economic laws usually operate through the specific laws of one or another mode of production. The development of the universal economy is thus under the influence of the basic economic laws of capitalism and socialism.

A. Solomitskiy. I must say that the discussion is far from the ideal variant in which the discussion rises in a spiral, exhausted and unnecessary materials are discarded, and synoptic general evaluations are reached as a result. Unfortunately, this did not happen even though participants raised certain important questions. Such questions as the interaction of the two world economies or, for example, the question of the noncoincidence of the formal and real socialization of production in the USSR.

In one of his articles, E. Pleinev raises the important task of forming the social interbranch value that is embodied in the price of production. However in my view, the strong accent he places on the secondary nature of international relations, on the existence of an independent sphere of economic relations only complicates the

problem. In my opinion, the treatment of international economic relations as secondary relations is wrong, as is very convincingly argued in articles by V. Slavinskiy, A. Shapiro, and N. Petrov. And putting Marxist theory's "heavy boyar's coat" on specific issues in adapting our forms of organization and economic management to world economic intercourse means posing the question and immediately walking away from it.

M. Bunkina and N. Petrov examine the interaction of the two world economies in their article and absolutely correctly emphasize that numerous aspects of such interaction are not concretely connected with any specific stage in the reproduction of any definite stage in the reproduction of the social product, but relates to the development of scientific-technical collaboration, to personnel training, etc. Unfortunately one of the most important sections of the article—on general laws of deformation—was not subsequently developed (at any rate within the framework of the discussion).

It seems to me that the study of the compatibility of the two systems in the universal economy must begin with research on modern forms of organization of production and regularities of development of commodity-monetary relations. To be sure, I. Faminskiy countered this remark saying that there have always been commodity-monetary relations, but that they acquire qualitatively different content specifically in the modern stage of development of scientific-technical progress.

I. Faminskiy. Including cases where relations between various countries are under discussion.

A. Solonitskiy. No, this is a universal factor. Never before have universal factors exerted such fundamental influence on human activity—the world community, first, has not had such enormous potential at its disposal and, second, has not been confronted with global tasks. Among the possibilities are, in particular, the creation of a vast sphere of compatibility of all parts of the world thanks to scientific-technical progress, the transformation of scientific-technical progress into a colossal factor for influencing all presently active forms of production and relations between people in the production sphere. This is the cornerstone on which the understanding of the world economy in the broad sense can be based.

In my view, Yu. Shishkov viewed relations between systems unduly concretely, as a direct interaction. But we see the growth of a factor of enormous significance that influences the entire world community as a whole: the internationalization of the world economy. We can speak of a new process of internationalization of the production sphere in general in which transnational corporations and transnational banks act as the highest forms of organization of production, at least as the most progressive. In order to understand the character of development of the world economy, it is necessary to turn the discussion specifically in the direction of this new stage of internationalization—transnationalization.

I. Faminskiy. Just so. There is a clear connection here specifically with the problem of the universal economy. Transnationalization is the development of relations between countries. This is indicated by its very name: development across national borders.

A. Solonitskiy. I think that something else is important. Transnationalization is a qualitatively new stage of internationalization even though it is born in national economies. Many of the processes that are taking place in each national economy, in each subsystem of the universal economy and that affect the interrelations of all its links are determined not so much by national and international relations as by the global problems that confront the entire world community, thus is the wholeness of the universal economy created regardless of which of the systems is at a given level of development at a given time. I believe that the universal economy develops as a single whole and if any acute problems arise in its most backward parts, they concern the entire universal economy. Moreover this development is not connected with the struggle of two systems. I think that the "struggle of two systems" is in general an unscientific concept that should be abandoned.

I. Faminskiy. How can it be an unscientific concept of it is a manifestation of dialectics? The struggle is constantly in progress within the capitalist system, within the socialist system, between systems.

A. Solonitskiy. Of course, the struggle permeates all facets of our life. However the essence of my thesis consists in the fact that the existence of substantial differences between the two systems as alternative types of production organization and product distribution does not prompt them to struggle. To the contrary, it is of fundamental importance that common regularities in the development of commodity-monetary relations and modern forms of production organization increasingly encourage countries in the socialist and capitalist world to engage in economic interaction.

In the course of future research, we should dwell in more detail on interrelations within the world capitalist economy and on relations between its center and periphery. Analysis of the development of these relations is primarily important because it also reveals our problems—intersystemic relations. In both cases there is a search for forms and directions of interaction of countries with different national conditions of reproduction that are most advantageous for both sides. Third World countries are frequently burdened with the same problems as socialist countries: a closed economy, both use conditions for national industry, foreign exchange incompatibility. They, just as we, are faced with the extremely difficult problem: how to join the universal economy with their closed and irrationally organized economies.

On the one hand, the developing countries try to create the most favorable conditions for the national economy

through protectionist measures thereby inevitably narrowing the use of the advantages of the international division of labor. But on the other hand, they demand preferences in the world markets. The contradiction between the task of developing a backward national economy, which envisages in particular the necessity of expanding external relations, and the possibility of adopting the world market's rules of the game is very acute.

III

V. Slavinskiy. I would like to call attention to the fact that the discussion invariably brings the complementarity of the development of the universal and the national economy to the forefront. Not so much in its general formulation as in connection with our country's practical needs. What role do world economic factors play in the perestroika process? What should be done to secure the effective integration of the Soviet economy in the presently existing structure of the world economy? How can the deepening integration of economic life be coordinated with the existence of the two systems? It would be especially interesting to hear the opinions of the participants on these very difficult questions.

M. Bunkina. Our theory customarily divides the universal economy into two opposing systems. Are we not exaggerating the influence of social distinctions on economic life? When we speak of the world capitalist and world socialist economies, are we not equating them with world social systems? It appears that the world or universal economy (which as Yu. Shishkov correctly noted are mixed) essentially have a common base that expresses economic (production) relations and laws of development both genetically and structurally. Among them: the interrelations between production, distribution, exchange, and consumption; the international division of labor and integration processes; laws of value, competition, optimization of management, rising labor productivity and material interest in the results of labor, production of surplus value, and accumulation. Intersystemic differences are obviously to a considerable degree of an ideological nature. But the world economy and its mechanisms deals with a physical subject, with concrete economic actions. Our attitude toward convergence needs to be examined further from the standpoint of the common economic interests and limits to the interaction of countries and regions belonging to different social systems. It is essentially a function of interdependence to reduce differences in phenomena on the basis of the internationalization of economic life. State borders cannot be the dividing line between capitalism and socialism. Elements of socialist relations form in capitalism just as there are such phenomena as exploitation and nonequivalent exchange in our system. I agree with A. Solonitskiy that the universal economy is a whole economic organism. The growing interdependence of its component parts is manifested in the internationalization of the entire reproductive process. Much is written today about the involvement of national economic potentials in the world economy. I allow myself to focus

attention on some of its new features. A series of articles in the EUROPEAN ECONOMIC REVIEW (September 1988) published calculations characterizing the interdependence of processes in the international division of labor and in the concentration of production. These calculations show that the "effect of scale"—the traditional effect of interbranch specialization—is becoming a thing of the past and that the international intrabranch division of labor (the alpha and omega of the contemporary reproductive process) correlate negatively with industrial concentration. The merging of national economies is also realized above all in the form of the oligopolistic interdependence of industrial producer-nations. The capacity of the world economy for self-regulation on the basis of market mechanisms and the correcting role of interstate [*mezhsudarstvennyy* and suprastate [*nadgosudarstvennyy*] acquire special significance today. Generally speaking, it is hardly possible to attain the ideal combination of the market and regulation at the national and especially the international levels. But the role of institutions in international relations is growing appreciably. Parallelism between the dynamics of state regulation within the nation and institutional forms in the international economic arena is not seen. Neoliberals favor the further reduction of state intervention in the belief that etatism is becoming a thing of the past along a broad front in the new stage of the scientific-technological revolution. We frequently repeat these arguments. They have a right to exist. But it should not be forgotten that socialist states will inevitably preserve important etatist functions. But where the world economy is concerned, we should evidently take into account the increased complexity of the macrosystem and the impossibility of the functioning of certain mechanisms without collective, institutional regulation (for example, foreign exchange relations).

The interrelationship of economies in the universal system is multifaceted and contradictory. Without denying the genetic primacy of the internal factors of economic development compared with external factors, I would like to note that the traditional model of their classification is quite conditional, especially in regions of intensive integration. Everyone recognizes the need to combine internal and external economic factors in the process of our perestroika. The influx of Western resources and technology will naturally be rational if the Soviet economy is ready to receive them. And here it is not enough to liberalize the COCOM lists or even to eliminate this Cerberus in the way of East-West cooperation. The slow liberation of our economy is also impeded by joint ventures with the West. But I would like to pose the problem in more rigorous terms. Is it in general possible to carry out perestroika solely by mobilizing internal forces, to normalize the economy exclusively by "home remedies?" Here, too, I disagree with E. Pletnev. Without broad interaction with the outside world, without the formulation and implementation of a comprehensive program of European cooperation and other projects, for example, the road to the country's economic rebirth will be long and needlessly difficult.

Finally, it must also be understood that the capitalist world is not interested in our economic decline. It is much more interested in the success of our perestroika since this process opens up new markets and creates the basis for international stability.

F. Filippov. The lack of a theoretical base for universal economic intercourse and the lack of analysis of the regularities of this intercourse in political economy textbooks (even though the appearance of an entire section on "The Modern Universal Economy" in the new textbook for institutions of higher learning inspires optimism) result in the unpreparedness of practical workers. While in the past, practical economy, which was controlled by administrative commands, did not require theoretical substantiation of its decisions, we now see that the "slippage" of perestroika in many economic directions is specifically due to the lack of deep scientific systems analysis of reality. Lenin's idea that there is nothing more practical than a good theory has a timely ring to it.

The lack of theoretical knowledge of universal economic relations generates in practice such "wonders" as the departmental and cliquish use of the hard currency earnings of enterprises for consumption and the sale of scarce production resources for hard currency at prices that are substantially lower than world prices; the fear of credit-financial transactions with Western partners coupled with hard currency "handouts" from the state.

I think that the subsequent discussion should focus primarily on the universal economy within the framework of political economy. It is necessary to determine the politico-economic content of this category and then the regularities of development of relations in the universal economy. The problem of feedbacks, the influence of international economic relations on intranational and intrasystemic relations and ways of enhancing the role and influence of socialism in the universal economy require theoretical substantiation, the revelation of objective mechanisms relating to the flexible and operative formation of effective national economic and integration structures of socialist social production adequate to the demand of including production in the universal economy.

I shall say only a few words about the problem of economic security of intersystemic economic intercourse. This question has come up more than once during our discussion. Yu. Shishkov wrote about the danger of this situation when the interdependence of the two subsystems of the universal economy oversteps "the boundaries that are objectively conditioned by the fundamental difference of their socioeconomic nature, by the oppositeness of their class content."¹² However it would appear that the principal danger lies elsewhere—that intersystemic relations will be organized without regard to the objective regularities of the intensification and growth of the indicated interdependence.

M. Bunkina and N. Petrov also express their apprehension: "The unity of the universal economy will be of a relatively incomplete nature" which is "revealed in the possibility of the breach of traditional economic relations between socialist and capitalist states in extreme political situations."¹³ Hence all the hopes for the political-legal regulation of foreign economic activity. But this is not the sole and principal consideration.

In my opinion, the danger lies in the low competitiveness of national production, in miscalculations in the formation of an effective structure of the economy and, correspondingly, the social costs of national production, and the effectiveness of economic management in general. This is the danger! Incidentally, it is a danger that is no less serious for capitalist economies. Political forms and direct restrictions on economic intercourse are secondary. They cannot eliminate the objective relations of intersystemic intercourse.

I. Ivanov. I would like to develop the aspects of the discussion that concern the role and place of the USSR in the universal economy. If today's world is interdependent, and if the Soviet economy is an integral part of it, it must develop and be managed as such and must gradually be transformed into its own "open model."

The corresponding world experience is known. But how can all this be imagined as regards the USSR? I think that there are reserves for involving the USSR national economy in the international division of labor. In the period up to the year 2000, it is planned to increase foreign economic relations 1.2 times faster than national income. This will mean its considerable additional enhancement above and beyond the potential for domestic production. But there are also gradual limits to this involvement that are determined by the gradual nature of our development. As calculations show, the higher than planned coefficient of relatively more rapid development of foreign economic relations can produce the opposite result—can unbalance the Soviet economy.

It is consequently appropriate to speak of the degree of its historical readiness to become "open." This obviously cannot happen before perestroika is complete inside the nation. Therefore the growth rate of foreign economic relations cannot be a priority or an end in itself. It is much more important to concentrate on qualitative reforms of our economic relations with the external world, on the transition from trade with it in sporadic surpluses to the stable division of labor.

This would appear to mean above all the orientation not toward intra-union but toward world standards of quality and technological level. The external market should help us to form the internal market, to influence price formation, the rates and proportions of reproduction, and the structural dynamics of economic development of the USSR. Finally, foreign economic activity must become an integral part of the general economic activity of our enterprises, while their operations in

foreign markets must become a real and accessible alternative to operations within the USSR.

The first steps have been made. Foreign economic activity is open to all interested enterprises, production cooperatives and other organizations (this has already the subject of conversation within the framework of our discussion). The 13th Five-Year Plan's program for the development of the USSR's export base presupposes that finished products will comprise half of Soviet exports and that exports of energy carriers are stabilized. The range of forms of international cooperation, including production and investment cooperation, is dramatically expanding. We have earnestly set about forming a unified market of CEMA member nations.

However the bulk of the work is ahead. Scientific foresight and scientific analysis of the problems that will be encountered in practice are all the more necessary. I will mention only the most urgent problems.

The price problem is the key problem in this sphere and in the economy as a whole. As yet there is not guarantee that the proportions of domestic prices will really draw closer to world prices (according to plan) in their course of their reform. Without this, however, it will be difficult to speak about the organization of unified *khozraschet* in external and internal operations at the enterprise level, of the introduction of an economically substantiated exchange rate for the ruble in the USSR, and of an effective customs rate. What kind of price system should connect the Soviet and world economies? Science cannot as yet answer this question, nor is science's position clear.

Exports are as a rule sacrificed to saturate the internal market. Even the system for regulating USSR foreign economic relations, unlike world practice, falls because of its major emphasis not on imports, but because of its emphasis on exports in excess of its planned limits. But it is obviously necessary to consider not only what is exported, but also way the country receives in exchange. Consequently there is a need for its optimized export-import specialization. It must not form spontaneously, but must be based on science's recommendations.

Finally, it is now possible to speak about territorial (republic) *khozraschet*. Unfortunately, there are also separatist approaches that are far from intelligent economic management, that are capable only of disintegrating our main foreign economic advantage—the vast, unified Soviet market. I emphasize that there is a need not only for the criticism of these approaches, but also for an alternative to them—a harmonious conception of the interconnected union-territorial (republic) management of foreign economic relations. However, only the first approaches to it have as yet been indicated.

With the passage of time, world economic problems will increasingly have intra-union rather than external significance for us. I would like to propose learning how to see and analyze them as a two-in-one objective as the future direction of scientific search.

M. Maksimova. For all its costs, the discussion has proved to be unquestionably beneficial. And even though it has unfortunately not been possible to bring the positions closer together, we have come to understand one another better. Above all, one more step has been made in understanding such a complex politico-economic category as the modern universal economy. This would not have happened if the discussion had started from zero, as stated here, only since 1984.

By that time, a number of monographs and articles had already been published in the nation on this topic (*inter alia* in MEMO back in the mid-'70's). Their authors went beyond the framework of the Stalinist "theory" of disintegration that was dominant more than a half-century, the split in the world market and the world economy, and the "ever-deepening general crisis of capitalism." The thesis of the growing interaction and interdependence of national economies, politics, science, culture and of the universal character of the scientific-technological revolution, global problems, and other major social phenomena was advanced and substantiated. At that time, all this also provided a basis for new evaluations of the universal economy as a unified whole.

Today's roundtable is an evidence of further attempts to reinterpret many ideas of long standing regarding the essence of the universal economy, the patterns and the mechanism of its movement, and its contradictions. There are many fresh approaches, especially concerning the inclusion of the USSR in the world economy. The exchange of opinions as to what international economic relations should be understood to mean was begun but unfortunately not developed. In most general form, they are relations between national economies. In my view, there are no disagreements on this point. The revelation of the content and levels of these relations is more complex. It is not so very easy, for example, to understand the presumed principle of dividing them into three levels (the real internationalization of the productive forces; technico-economic relations not connected with property; socioeconomic relations). If it is to some degree possible to divide the last two levels if only purely conditionally to some degree, as regards the first, this phenomenon is of another, higher order. Internationalization personifies the process of international socialization that underlies the development of the entire aggregate of international economic relations.

The proposal here to divide international economic relations into two types—"conventional economic relations" and the part of them "that forms specially for the interaction of national economies" also seems somewhat speculative. In particular, it is not entirely understandable why the crediting of trade operations and interbank credit should be classified as the first type and international credit should be classified as the second. Similarly, patent relations obviously serve the interaction not only of national economies, but also of enterprises and firms, i. e., the microlevel. Nor is it clear why the action of common economic laws is characteristic only of the level of interaction of national economies. But are not the

"conventional" relations relations that form between firms of different countries on the basis of investment and production and scientific-technical cooperation not founded on the same common laws as, for example, the law of value, the law of time-saving, etc. In a word there is still a great deal of work to do on all this.

From discussion to discussion, we return time and time again to one and the same questions: the primary and secondary nature of international economic relations, the "narrow" and "broad" interpretation of the universal economy, what can be considered the subject of research here. Of course all this continues to merit our unflagging attention. But unfortunately the already known arguments are being repeated. Are we not, then, in a vicious circle?

The hardest nut that we have not yet been able to crack is the question of the convergence of the two economic systems. It is to me the central issue. It is specifically around this issue that the "passions" ignited every time. It is specifically this issue that contains the key to the understanding of the universal economy and, what is especially important, to the evaluation of its prospective development.

We must first of all understand the kind of socialism, the kind of capitalism, and consequently, the economic systems that are being discussed. If we are thinking of the Stalin model of socialism, an essentially feudal-bureaucratic autarkic economic system, it will indeed be extremely difficult to connect to the capitalist economy. Especially if we are still in the thrall of old ideas about the nature of capitalism, if we understand it to be the same as it was in Lenin's assessment at the beginning of the century. Imperialism as a system by which monopoly capital exploits and plunders the population of "its own" and "other" countries truly leaves no place for equal and mutually advantageous international cooperation.

But is this modern capitalism in our day? This question has already been addressed here. There have been recent, albeit timid, attempts to reveal the changes that have taken place and that are taking place not only in the productive forces but also in the production relations of monopoly capitalism, in its political system, in the correlation of such categories as spontaneity and *planning* (systematicness), the market and its regulation, competition, monopoly, and the state. There is also need for a new view of the nature of transnationalization and integration especially because there is a fair reserve in this area of research.

But even if we take capitalism as it is today, we cannot fail to admit that the existing rigidly centralized bureaucratic system in many socialist countries leaves little room for the interaction of the two economies with one another. And not only by virtue of differences in forms of ownership, but, what is more important, because of deep differences and, let us say directly, the incompatibility of economic management mechanisms—the administrative command mechanism on the one hand,

and the market mechanism, albeit regulated, on the other. There is little benefit here from references to the mixed economy as being a feature that the two economies have in common. The nature of the mixed economy, like the dominant nature in each of the economies, is different. They function in an entirely different economic environment. In one case, there is a full-blooded market that has long ago overgrown national borders, that has engendered transnational production and exchange, and that has produced a capitalist economy of an open type. In the other, there is the almost complete absence of a market—both internal and international (within the framework of the socialist community), to say nothing of transnationalization processes that are almost absent. As a result, there is a socialist economy of a closed type.

Thus there is an enormous disparity between the growing need for the interaction of the two economic systems—capitalist and socialist, about which A. Solonitskiy convincingly spoke here, and the differences that are still deep as yet in the economic management mechanism. Only the radical and decisive restructuring of the socialist economy can resolve the existing contradiction. Only then will it be possible to resolve the problem of integrating our country in the national economy. It is therefore important to see the future when we speak of the wholeness or unity of the universal economy. In the course of perestroika in our country, in Hungary, Poland, and China, there will obviously also be a change in the very model of socialism regardless of what it is called ("planned market socialism," "democratic socialism," "humane socialism," etc.). With the development of this process, there will inevitably be convergence of the two economic systems—the historical tendency that we talk a great deal about and that we hope will become a reality.

V. Slavinskiy. While supporting the general positive evaluation of the discussion, I would like to call attention to one other aspect of its usefulness which, unlike the others, is regrettable. Inevitably going beyond the framework of the world economic topic proper, the discussion has given the reader the opportunity to get some idea of the present state of our science of political economy in general. And the picture that is presented is not good, to put it mildly. It reveals stable lapses of understanding of such basic categories of political economy as the world market, the world economy, and production relations.

I. Famiński. But is this perhaps the consequence of the complexity of science?

V. Slavinskiy. Science is unquestionably complex. But if we now, more than a hundred years after Marx, still come up against the lack of a unified understanding of such a fundamental category as production relations and even the very subject of political economy in the analysis of concrete problems in international economic relations, this can hardly be attributed to the complexity of science. In my view, this is the result of the complexity of the situation in which the given science finds itself in our

country and hence of the "complexity" of the interrelations of political economists themselves with science.

It is no secret that up until the last few years, there has been no "social imperative" for political economy as a science. It has in fact been separated from work on urgent economic problems and has rotated in a vicious circle of bookish truths and ideological principles that have been handed down "from above." This was the path of decline, which was manifested, in particular in the loss of the precision of concepts and the viability of theoretical constructions.

I see the further development of the discussion to be in the context of the radical modernization of our entire science of political economy. The decisive turn toward the needs of economic practice and the reexamination of customary approaches and stereotypes will be a most important direction.

The evolution that the attitude toward problems of economic interaction of socialist and capitalist countries—from the orientation toward the inevitable growth of antagonistic contradictions¹⁴ to the ever calmer and more attentive study of "convergence"¹⁵—has undergone in the course of the discussion appears positive in this regard. We should not depart from this since we have recognized the wholeness and interdependence of the world and since the practical task of becoming integrated in the universal economy has been posed.

Practice has not been waiting for the "blessing" of the political economists. Joint ventures are already in operation in the USSR and the establishment of special economic zones will obviously not long in coming. But at the same time, there is an acute shortage of good theory. For our economic system, the world economy is unfortunately "a strange monastery" which we may not enter with our own set of rules. Consequently the need arises to accumulate foreign experience in the area of foreign economic intercourse and to find optimal avenues and ways of using it.

We cannot dash headlong into the universal economy. We must carefully weigh both the anticipated benefits and the possible negative consequences of large-scale contact between our imbalanced and shortage-ridden economy with the highly developed economies of the Western countries. And here there is a vast field of activity (for both skeptical and optimistic scientists) that is not speculative and scholastic, but that is directly oriented toward the solution of key socioeconomic problems.

A certain amount of work is already being conducted in this direction. But the necessary cadre support is required in order to give it the proper scope. This is still a major problem. We have specialists who are qualified in the economics of socialism and the economics of capitalism, but there is a practical need for all-round craftsmen, who are clearly not available in sufficient number. For a long time, we successfully criticized bourgeois theory. However the time has come when it is

not enough to criticize them, we must also understand them. The time has come to emerge from theoretical self-isolation, to recognize the indisputable attainments of foreign economic thought and to learn how to use them.

It would accordingly be a good time to translate and publish in a mass printing some of the basic Western textbooks such as P. Samuelson's "Economics," and one or two textbooks on international entrepreneurship, and to introduce them into the curriculum of institutions of higher learning specializing in economics if only as special courses. Naturally the content of our own educational literature must be continuously improved.

Take, for example, the new political economy textbook. The positive experience of the inclusion of a section on universal economy has already been noted here. I agree that the official recognition of the existence of the universal economy is itself a big step forward. However the inclusion of all world economic problems in a special concluding section is in my opinion the wrong approach according to which politico-economic problems of the national economy were studied in all preceding sections.

This does not correspond not only to the realities of the modern interconnected world, it also does not correspond to K. Marx's approach. He organized "Capital" by proceeding not from intranational to international relations, but by proceeding from simple to complex, from a diagram to the diversity of life. As he proceeded from the abstract to the concrete, he introduced more and more new "complicating circumstances" into the analysis.

National boundaries and the division of universal economic space into territorial-state complexes become one of these circumstances in a certain stage. That is, according to K. Marx's logic, the concluding section should, in addition to the universal economy, also introduce the concept of the national economy. But it would be more correct to analyze the problems of world socialist and capitalist systems in sections revealing the politico-economic nature of these formations because they simply cannot be understood entirely without the world economic thematics. The section on the universal economy would examine the politico-economic content of global problems and intersystemic economic interaction.

As the roundtable's moderator, I must state that everything I have expressed is purely my personal opinion and does not in any way claim to sum up the discussion. Today's talk shows that the investigation of the universal economy in our economic science is essentially just beginning. The pluralism of the opinions expressed can be evaluated in different ways, *inter alia* as a merit of this initial stage that gives both the researcher and the reader much food for thought. It is obviously too early to draw final conclusions. The discussion must be continued. But it is also obvious that it should be continued only at a qualitatively new level that has been raised from the

largely abstract and general talks to the concrete needs of our increasingly complex practice.

Footnotes

1. MEMO, No 9, 1987, p 83.
2. Ibid., No 7, 1988, p 87.
3. For more detail, see MEMO, No 11, 1987, pp 91-101.
4. Ibid., p 91.
5. MEMO, No 9, 1986, p 50.
6. Ibid.
7. Ibid., No 8, 1984.
8. Ibid., No 11, 1985, pp 74-76.
9. "Sistema mezhdunarodnoy ekspluatatsii. Mirovoye khozyaystvo pri kapitalizme" (The System of International Exploitation. The World Economy under Capitalism), Moscow, 1975, p 4.
10. MEMO, No 11, 1987, p 96.
11. Ibid., No 9, 1987, p 83.
12. Ibid., No 8, 1984, p 81.
13. Ibid., No 9, 1986, p 56.
14. See G. M. Sorokin, "Problems in the Theory of a Universal Economy" (VOPROSY EKONOMIKI, No 5, 1983).
15. See Yu. V. Shishkov, "Perestroyka and the Specter of Convergence" (RABOCHIY KLAS I SOVREMENNYY MIR, No 1, 1989).

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INTERNATIONAL ROUNDTABLE

International Roundtable on Modernization of Modern Societies

904M0007E Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYE OTNOSHENIYA in Russian No 12, Dec 89 pp 82-89

[Conclusion of roundtable discussion of "The Democratic Alternative: Problems of Democratization of Modern Societies." [Compiled by] A. Zudin and Yu. Krashenninnikov]

[Text] "The democratic alternative and perestroyka"—such was the next direction of the roundtable discussion. The tone of the discussion of this topic was set in the remarks by Professor Yu. Krasin (rector, Social Sciences

Institute, CPSU Central Committee) who examined certain theoretical questions connected with the modernization of socialism, with the search for a new model of socialism based on existing negative experience.¹ As in the discussion of other problems, in addition to the coincidence of viewpoints, there are also significant differences here in the interpretation of various processes and phenomena. This applies above all to the determination of the type of society that has formed in the USSR.

Professor F. Burlatskiy (Social Sciences Institute, CPSU Central Committee) noted that the importance of this question is attested to by the heated discussion that has developed in Soviet society, the essence of which can be expressed as follows: are we following the socialist road or are we deviating from it? In his opinion, such a formulation of the question is not entirely correct because one-third or at best one-half of the society we live in is Marxist-oriented. The rest it has inherited from Russian civilization in the form that it acquired during the several centuries it existed. Society took from Marx the idea of eliminating private property (even though as Burlatskiy noted in this connection, no one has as yet answered the question of what private property is). From precapitalist Russian traditions, it took the concept of strong centralized state power that controls everything. In the speaker's opinion, the advent of state socialism, the viability of which is in large measure explained by the accelerating conviction in the mind of the majority of the country's population that the state should distribute everything, is connected with this.

A considerable part of the remarks by Professor G. Diligenskiy, MEMO editor-in-chief, were also focused on the type of society under which our country's social organization should be classified. But while not basically objecting to the definition offered by Yu. Krasin, he at the same time expressed a number of critical remarks regarding "state socialism." In his opinion, this concept does not answer a number of basic questions. First, the state exists everywhere. There are many countries in which it plays an active part in the regulation of socioeconomic processes. One example is Sweden about which it is only possible to speak of state socialism. But it is entirely different from the state socialism that has been affirmed in the USSR.

Diligenskiy proposed that participants in the discussion examine his concept of the model of the social structure that has formed in the USSR. His basic thesis was that after the revolution, there originated in our country a **mode of production** that had never before existed anywhere—in the most orthodoxly Marxist sense—which for want of another, suitable term could be called **etatist**.

In order to understand how this mode of production originated, the speaker continued, it must be remembered that the new society did not mature in the process of spontaneous development of the productive forces and production relations, but was built in accordance

with an already existing design. Socialism as an idea that originated in the heads of 19th century thinkers—initially the utopian socialists and subsequently Marx and Engels—preceded socialism as a reality. Thus, the construction of the new society was pictured as a process resembling the construction of a new house: first the architect's drawing, then the blueprint, then assemble the necessary construction materials, and build the house. Our historical experience has shown the flaw of this approach to the construction of the new society that is typical of all 19th century social thought.

Since the word and the idea were at the basis of socialist construction, broad opportunities were opened up for voluntarism in the process of this construction. Voluntarism presupposes the existence of a certain Demiurge (naturally, it could only be the state in conjunction with the party) that would have at its disposal every opportunity and all authority to attain the given goals.

Such in Diligenskiy's opinion is the general plan of development that is responsible for the origination of the statist mode of production. He sees the paradox of this phenomenon to lie in the fact that the given mode of production through its existence denies the very regularities of society's evolution that were discovered by Marxism. First of all, the regularity of the interaction between the base and the superstructure. While, according to Marxist ideas, the base engenders the corresponding superstructure, in the USSR the picture has been the direct opposite: the superstructure itself, by its own will, has erected beneath it the base and production relations corresponding to its plans and interests.

As Diligenskiy showed, the practical result of this was that not economic interests, not class interests, but the interests of state power have become the leading and decisive interests (this, in the speaker's opinion, is the basic reason why the classical scheme of classes and class interests relative to the understanding of our state and state policy in the late '20's and early '80's is not working). Specifically here, Diligenskiy emphasized, is the objective basis of Stalinism.

The striving for the unlimited expansion of state power determines the entire system of priorities of development of society and especially the economy. Strictly speaking, its functioning is entirely subordinate to the main goal: the strengthening of the state's might. Hence also the hypertrophied development of the military branches and the constant increase in the production of coal, oil, steel, etc.—everything that is identified with increasing the state's might. Directly connected with this are the extensive type of development and the leftover principle of distribution of resources in the social sphere.

The West, Diligenskiy continued, frequently compares and even equates the Stalin model of totalitarianism with totalitarianism of the Hitler type. This is in large measure justified. Outwardly, they were very similar. But there was also a major difference. National socialism was a unique, internally uncontradictory ideological

system: its inherent principles—the leader cult, racism, the rejection of democracy—were brought to their logical end and comprised an organic unity. The ideology that was affirmed in our country, on the other hand, was highly contradictory. The statist system was based on the cult of personality and authoritarian state power. But the paradox was that it could not cut off the ideological roots from which this system emerged and nullify the humanistic and democratic principles that were contained in the initial socialist ideal. Despite the cult of personality, the Soviet people were nevertheless able to read not only Stalin's writings, but also the works of Marx, Engels, and Lenin. It was impossible to forbid them to do so. Or take the fact that the "Stalinist" constitution adopted in 1936 at the height of the repressions was very democratic. This step should not only be regarded as an attempt to lend a democratic appearance to a terrorist regime. It was at the same time a forced tribute to the system's democratic roots.

Diligenskiy emphasized that without considering this paradox and the deep internal contradiction that inhered in the ideology, it was impossible to understand how perestroika became possible. The prerequisites for it matured during the period of stagnation. They originated after the 20th CPSU Congress when the first signs of free thinking emerged. That is, there were gradual changes in the sphere of social consciousness. But for all the importance of these processes that prepared perestroika, it was initiated not by the mass movement, but by the part of the party-state apparatus for which dedication to socialist values and their humanistic, democratic basis was by no means merely tribute to the prescribed norms of conduct. And there have always been such people in our society.

Professor A. Galkin (Social Sciences Institute, CPSU Central Committee), who spoke during the discussion, while noting the originality of the concept proposed by G. Diligenskiy, at the same time expressed doubt concerning the possibility of using the "model of the statist phenomenon that got the better of the rest of society" as a research tool. He noted that following this schema would result in a mystical phenomenon which, while not having a social basis, would be suspended in mid-air, and would turn all regularities of the historical process upside down. To be sure, the speaker continued, this contradiction was more external than internal: it is eliminated if we recall that the proposed conception contains the thesis of an ambiguous ideology. But the problem in his opinion lies not only in this ambiguous ideology that seemed to exist in isolation from public life. The power of the state consisted not simply in the fact that it did not merely use in its own interests the masses' passion for the creation of a just society in its interests based on the socialist, humanist values adopted by them. To some degree, it nevertheless expressed the interests of the masses themselves even if to a much lesser degree, even if in frequently mystifying and distorted form. If this had not been the case, there would also not have been the burst of enthusiasm, the great

spurt forward, and the transformation of a backward country into a great power. That is, the etatist state, if we use this term, deformed real processes, but since it was based on these processes, it could not take them into account in their policy.

The remarks by K. Kholodkovskiy, doctor of historical sciences (IMEMO) were for the most part devoted to the topic "State Socialism or Etatism." Evaluating both discussed concepts, he expressed the opinion that the schema proposed by G. Diligenskiy leads more closely to the understanding of the phenomenon that originated in our country. It is methodologically possible, he said, to draw a dividing line between state socialism and Stalinist distortions, to separate them from one another, but in real life this is difficult. It is not by chance that now that we have posed the task of putting an end to the deformations of socialism we have inherited from the past, while at the same time we are also discussing the question of what should be the alternative to state socialism as such. Analysis of the administrative-command system by G. Popov, an economist and one of the most active heralds of perestroika, shows that fear of repression is an integral element of this system (no matter what it is called—a command system, a peremptory system, an etatist system, etc.); without this, it loses the ability to function with any degree of satisfactoriness which, incidentally, is graphically confirmed by Brezhnev's term in office.

Taking up the subject of etatism, Kholodkovskiy discussed certain points that evoked his objections. In particular, he expressed the opinion that even though it is hardly possible to dispute socialist thought's responsibility for the origination of etatism—it is indeed prone to view the state as the absolute Demiurge, but it is not entirely appropriate to connect this phenomenon, in any case, to connect it directly with the traditions and methodological approaches of Marxism. The etatist tendency, which traces its origin back to rationalism and Enlightenment, to Jacobinism, but it also contained another, largely opposite tendency: historical determinism. There was a constant struggle between them in which first one, then the other tendency won.

In Russia, Kholodkovskiy continued, the outcome of this struggle was in large measure predetermined by the fact that here the very process of development of social thought and its features dramatically intensified the Enlightenment-Jacobin tendency. And this, in the speaker's opinion was no less due to the character of the social struggle, the considerable gulf between the intelligentsia and the people, and the striving to bridge this gulf and to serve the people. There is something else that is no less important. When we try to understand how it happened that specifically in our country in the 20th century, the state became such a force that it was able to transform the base and build society in accordance with the ideas that gripped the minds of people who came to power, we should obviously recall national traditions, especially the traditionally high role of the state in society's life. In Russia, it created the first enterprises

(frequently for the purpose of subsequently transferring them to private hands), secured the nation's defenses, and took possession and disposed of a considerable part of the land fund. Already in the times of Peter I the state created a mighty administrative apparatus that has proliferated to an extraordinary degree in the last two centuries.

Thus, Kholodkovskiy said in summation, the etatist system did not spring from an empty place. Moreover, its advent was largely predetermined. Thus, not only did the superstructure create the base, certain elements of the base itself also formed the superstructure. If we examine the regularities of the emergence of etatism from these positions, he noted, the contradiction with the classical theory of Marxism does not look as unconditional as in the schema proposed for discussion. In this connection, Kholodkovskiy supported the thesis that the state could use this revolutionary passions that existed in the broad masses, transforming it in mystified form into practical activity. But here, in his opinion, he set himself as the main task not so much the construction of a just society as the eradication of historical backwardness and the creation of conditions for a leap forward in economic development that would place the country in a leading position in the world. However for all this—here Kholodkovskiy repeated the idea that was expressed by G. Diligenskiy—continuity with old, revolutionary traditions has been preserved both in ideology and social consciousness; revolutionary passion has also been preserved. It was specifically they that served as the foundation on which our society could be based, when the insolency of etatism and the need to return to the sources—to the ideas of the October Revolution became obvious.

Answering critical comments that were made in the course of the discussion of the principles expressed by him, Yu. Khrasin discussed two questions. One of them is the influence of state traditions on our country's social development. While noting the indisputability of this fact, he at the same time also pointed to the fact that Russia is not an exceptional case. It is possible to cite other examples, in particular Prussia, where state traditions were no less developed. Therefore, if we talk about etatism, we should either view this phenomenon as a general pattern of development that is not connected with national features or we should not give it too much significance.

The second question addressed by Khrasin was the appropriateness or inappropriateness of differentiating between state socialism and the deformations that took place during the Stalinist period. Confirming his position, he explained why in his opinion such differentiation was necessary. Otherwise, the result will be that Stalinism was inevitable and that the deformations themselves were also inevitable. To agree with this would also mean not only justifying Stalinism politically, but also admitting that there was no alternative to it. However, Khrasin continued, as recent publications show (here he referred to the article by O. Latsis in the journal

ZNAMYA), there was such an alternative: prior to the 16th Party Congress, direction was in another direction. It was interrupted in late 1929 and early 1930, when Stalin carried out a *de facto* coup that breached the decisions adopted by the congress and plenums of the Central Committee and subsequently used administrative levers to reinforce his personal power. Our society's tragedy, Krasin said in conclusion, that the despotic variant of state socialism won the upper hand.

G. Diligenskiy, who took the floor next, explained certain points of his concept which evoked objections from certain participants in the discussion. He agreed that the question of the socio-psychological base of the etatist regime and its legitimacy holds great importance for the understanding of the processes that are taking place in our society. As regards the substance of the question, in his words, he does not see the subject of disagreements with A. Galkin here. If one takes the '30's and '40's, there truly was mass enthusiasm and dedication to socialist ideals that survived despite everything and that were not broken even in the gulag barracks.

But this, Diligenskiy continued, is only one side of the matter. The other was shown in K. Kholodkovskiy's remarks—repressions played a no less important role for the etatist regime than enthusiasm. There was a unique fusion of enthusiasm and fear that was paradoxical but psychologically explicable: fear warmed up the enthusiasm that acted in particular both as a psychological mechanism of adaptation to an uncomfortable situation and enthusiasm helped to forget about the fear.

Is it possible to explain from these positions the situation in the post-Stalin and especially in the Brezhnev period when the enthusiasm had already vanished and the fear also, but the regime held and quite firmly. The explanation proposed by Diligenskiy is in general as follows.

When a person, a group, or a society do not see a real alternative to the existing order of things, they, or at least the majority of them, adapt to their environment. This is a law of human psychology—both personal and group. How was this adaptation to the specific situation in the '60's and especially the '70's? The majority of the population accepted the official ideological values specifically as the official and only possible values. And this in Diligenskiy's opinion was entirely natural. After all, this type of adaptation is not only of an external character, it is also at a psychological level. People must in some way justify to themselves the conditions under which they live. Otherwise they will be unbearably frustrated.

But when people accepted the official values, they entirely separated this loyalty or ideological conformism from the psychological principles that determined their behavior on the job, at home, etc. That is, adaptation resulted in a dual, essentially conformist consciousness that was oriented toward the sociopolitical status quo, toward a certain social contract, the essence of which is that I am ready to acknowledge the correctness of state

organization and the verity of ideological values in exchange for the possibility of doing what I want.

This ideological conformism, closely connected with intrinsic sociopolitical passivity, is an impediment to perestroika.

Turning next to the thesis that was expressed in the course of the discussion concerning the decisive influence of national traditions in the process of building the new society, Diligenskiy called the attention of participants in the discussion to the following fact: the cult of personality and the entire system of views connected with this phenomenon, with the role of the state were widely diffused outside our country, including countries with a different political culture and other traditions. The corresponding ideology set down deep roots throughout the entire communist movement—even in countries with rich democratic traditions, communists were its zealous adepts for a long time.

In Diligenskiy's opinion, this fact indicates that etatism has not a national-cultural, but another basis. Here he once again presented his point of view relative to the interrelationship between etatism and Marxism, explaining that the reference is not so much to Marx's own theory as to ideas that became widespread in "mass" Marxism at the end of the 19th century which bore the strong stamp of Hegelianism. The Hegelian idea of the absolute spirit, which is the creator of history, in his words not only does not contradict determinism, but even coincides with it: it proceeds from the premise that development is once and for all time predetermined, and that if the possibility of alternatives is not excluded altogether, it is at any rate not examined. The state became the embodiment of this idea after the victory of the October Revolution just as the Prussian state became the embodiment of it for Hegel.

The idea of a certain absolute that creates history, Diligenskiy said, is clearly seen in Marxist literature. It is most consistently presented in a work written in the early '20's by D. Lukach.

If the first direction of the discussion of the topic "The Democratic Alternative and Perestroika" was connected with the clarification of the question of the kind of socialism we are rejecting (and whether it is socialism at all), the second was connected with the search for a democratic alternative to the model of social organization that exists in the USSR and in a number of other countries.

As F. Buriatskiy emphasized in his remarks, a necessary condition to the fruitful search for answers to the conclusions our society and socialism in general encounter, is the rejection of "theoretical doctrinairism and ideological intolerance," and the recognition that no single doctrine has been able to answer all the questions posed by the course of the historical process, that it develops according to its own laws, but that attempts to "rape" this process lead to sad consequences. Therefore we should compare not so much doctrines as practical

experience amassed by different countries. But this experience, according to Burlatskiy's words, is an evidence that the modern scientific-technological revolution has a similar influence on all social systems, on all civilizations, thereby generating a number of problems common to them (the ecological problem, the threat of technological unemployment, etc.). In this connection, he called upon participants in the discussion to return once again to the examination of the once-rejected idea of convergence, taking into account the experience that mankind has acquired.

Similar ideas were heard in the remarks of Professor G. Karasimeonov (the journal *NOVOYE VREMYE*, Bulgarian People's Republic). We continue to talk about the two systems as if each of them were something monolithic and did not have anything in common with one another, he noted. But such an approach ignores the tendency toward differentiation within each of the systems, which is especially noticeable in political culture and traditions (anticollectivism in the USA, paternalism in Japan, and their synthesis in other countries—if we take the West; another picture also exists in the East). On the other hand, there is a tendency toward the growth of interdependence—not between systems but between nations, peoples, and states. A new type of cooperation forms between different countries, parties, social groups, and political leaders. New social interests originate and new social blocs that go beyond the framework of both systems form on this basis. Both in the West and in the East, there is the search for a model of a new, humane civilization.

Karasimeonov emphasized that the opposition of conservative forces in both systems that try to preserve confrontation and thereby to protect their interests and to defend privileges is one of the most serious obstacles on this road. The coincidence of positions of conservatives in East and West becomes possible on this basis.

Analysis of the difficulties and contradictions that perestroika encounters in the USSR and in other socialist countries has occupied no small place in the course of the discussions. Among these difficulties and contradictions, F. Burlatskiy named above all the "asymmetry between glasnost, democratization, and real economic changes," i. e., the serious lag of economic reform behind political reform which, as the example of Poland and certain other East European countries shows, is fraught with the onset of a crisis situation. In his opinion, the solution to the problem lies in more active and decisive movement along the lines of economic restructuring. But there are still many unclear questions here. The main question here is how the economy will function if the state relinquishes its traditional role as regulator, and what the correlation should be between planned, state regulation and the market? The existing experience of a number of countries can be useful in this respect.

Another problem raised by Burlatskiy was the degree to which democracy and the one-party system are compatible. Since theory does not answer this question—neither Marx nor Lenin examined it—here, he said, we must

proceed from the actual state of affairs, from the premise that democracy will develop for a long time under the conditions of a one-party system and on the basis of political pluralism. The latter presupposes above all pluralism in the party itself, i. e., a return to the situation that existed under Lenin when not only different opinions, but also different variants of socialist construction were compared. One more condition to pluralism is the existence of social movements that have the opportunity to express their interests at a political level. Finally, political pluralism must be supplemented by economic pluralism. This means that we must make the transition to pluralistic forms of property: state property transformed into public property; cooperative and other types of group property; and family or individual property. All of them must contend or even compete with one another. If there is no economic pluralism, Burlatskiy emphasized, there will be no political pluralism because democracy does not exist anywhere in the world without a corresponding economic base.

The problem of "socialism and the multiparty system" was also addressed in the remarks of a number of other participants in the discussion, in particular, Professor V. Paff (director of the Imperialism Institute of the Socialist Unity Party of Germany's Central Committee's Social Sciences Academy) and Professor P. Khavash (Hungarian Socialist Workers Party Central Committee's Social Sciences Institute). Paff emphasized the diversity of the political experience of socialist construction and cited examples of the development of political systems from a one-party model to a multiparty system. The multiparty system in the GDR, he continued, is not the model for other countries. This is the result of concrete historical development that originated on the road to socialism, but not under socialism.

P. Khavash, in turn, presented a critical appraisal of the development of the political system in Hungary after 1948, which in his words deprived the country of the real opportunity of using the potential of a multiparty system for the needs of socialist construction. The speaker emphasized that political parties grow out of certain social interests and cannot be created artificially. Accordingly the restoration of the multiparty system in Hungary became possible only in the course of a long period of development that began in 1956. In recent years, according to Khavash, it became clear that the existing political institutions were not sufficiently strong to carry out the already begun reforms all the way. There is an urgent need to create a social consensus that would be much wider than the framework of the ruling party and this can be achieved only by going beyond the framework of the one-party system. According to Khavash, various political clubs and groups entitled to nominate candidates in parliamentary elections are being established in the nation. To us, the speaker stated, the multiparty system is not a question of principle. It is rather a question of practical politics. In his opinion, the consistent implementation of the economic reform creates a broad spectrum of social interests that themselves become the foundation of "strong" pluralism in socialist society.

To what degree do the reforms that are being carried out in the socialist world promote the consolidation of the administrative-command system and to what degree do they destroy it? This somewhat surprising question was asked in the remarks by L. Shevtsova, candidate of historical sciences (IMESS), who concentrated her attention on the results of perestroika in the political sphere. In general terms, her assessment of the situation boiled down to the following. What is more, antireform forces have even consolidated at the same time that the reform movement had not yet been able to create a broad social base. The situation is exacerbated by the fact that the next stage of the political reform will be carried out under more complex, adverse conditions—in a situation involving a certain disenchantment of the masses in the results of perestroika, which is attested to by sociological polls in a number of socialist countries. What is more, while in the first stage of the reform of political institutions, certain superficial modernization factors that were possibly operative in the administrative system itself, they are now evidently exhausted. In other words, the point is not so much that the political reform went farther than the economic reform, is not an "asymmetry" between them, but is rather fact that the changes that have taken place in the political sphere, the greater freedom of expression of views, glasnost, etc., are of a "nonsystemic" nature. The actual system of power itself remains practically unchanged.

Speaking of the problems of democracy, Shevtsova called for the decisive rejection of the stereotypes existing here which are a "rudiment of the ideological positions" of the past. One of them is the opposition of bourgeois and socialist democracy. Democracy either exists or it does not—such, in Shevtsova's opinion, is the reality cleansed of the myths. The form in which democracy is manifested is another matter: differences are inevitable here. But the possibility of choice and pluralism are invariable attributes of democracy regardless of its form.

While acknowledging that choice exists where there is an alternative, Shevtsova noted in this regard that we must take the next step and admit that an alternative presupposes the existence of parallel decision-making centers, i. e., we must abandon the existing monocentric sociopolitical system. Does this mean the transition to a multipolar society? In her opinion, development in certain countries, in Hungary in particular, is in this direction even though it is not as yet clear where the communist party fits this multipolar society.

Whether the existence of an opposition is permissible within the framework of socialist pluralism was another problem addressed by Shevtsova. Presenting her position on this question, she expressed the conviction that true pluralism is impossible without the existence of views contradicting the official views. In her words, dissent has existed and will always exist and therefore, instead of trying to drive it "inward," we should try to find a "niche" for "constructive opposition" as is already being done in Poland and Hungary. From an

instrumental point of view, the recognition of the opposition operating within a legal framework, of a controlled opposition would reduce the level of explosiveness in society and would make it possible to find optimal solutions of the contradictions that arise. But there is also a normative side to the problem: the existence or absence of an opposition—this is the criterion of the democratic nature of society because democracy means not only the power of the majority, but also the social protection of the minority and the individual *inter alia* from the majority.

Moving on to the discussion of the "Theses" submitted for the scrutiny of participants in the meeting, Shevtsova expressed a number of comments regarding certain of them. In particular, she expressed doubt concerning the correctness of the thesis that democratization in the political sphere must be accompanied by the same processes as in the economic sphere. In her opinion, the vulnerability of this position is that it does not take into account differences between these spheres, that the criteria of effectiveness in politics and economics do not always coincide: thus, democratic procedures in production are incompatible with the demand for efficient decision-making, and moreover, that they can promote the predominance of cliquish or—if we take the macroeconomic level—corporate interests over the interests of the collective or society as a whole.

In other words, while rejecting one extreme—excessive centralization—we should not go to the other—universal decentralization. It is necessary to find an optimal correlation between them. This also applies in full measure to the distribution of power between central and local (regional) organs of government. In this regard, Shevtsova cited the experience of Yugoslavia and China as an example that in her opinion shows that decentralization and the expansion of the power of local organs frequently lead to negative results: centrifugal tendencies develop and the integrity of society is diminished, i. e., Lenin's pronouncement that the local bureaucracy is the worst mediastinum between center and periphery is confirmed.

G. Diligenskiy addressed the problem of the "gradualness" of the democratic process in his remarks. He expressed the idea that a positive tendency is seen in our social science: unrestrained euphoria regarding the prospective democratization of social life, which existed at the beginning of perestroika, is giving way to a more sober approach, to the understanding that we cannot attain the desired level of democracy in certain spheres of social life, without going through a number of intermediate stages. This is because of the real level of political culture, the absence of the traditions of civilian society, the formation of which is only beginning. Now, according to Diligenskiy, the country is in the stage of **controlled democracy** that is characterized by the dramatic increase in the level of mass initiative, by the advent of mass democratic movements on the one hand, and by the fact that by virtue of the contradictions of

these processes, there is still an objective need for the party-state leadership to control them on the other.

G. Diligenskiy's position was supported by Professor V. Loginov (CPSU Central Committee's Social Science Institute). In the concrete situation existing in our country, he said, the gradual movement toward democracy, which is perceived as inconsistency and half-heartedness in the implementation of political reform by many in the West and in our country as well, is the only constructive way. In his opinion, a certain deviation from "highly democratic" principles is inevitable because in the face of the insufficiently high level of political culture of the bulk of the population, the differentiation that is taking place in society, which is frequently based on "false indicators" (ethnic, the contrasting of "Stalinists" and "anti-Stalinists") can evoke uncontrollable processes and can lead to crisis situations. Loginov believes that in order to prevent such a turn of events, it is necessary to create a "certain system of balances" that would ensure advantages to the forces that are in charge of perestroika. Formal-legal norms and laws in themselves cannot guarantee the irreversibility of reform policy. This is attested to by the experience of Germany's Weimar Republic whose constitution met the highest demands of a law-governed state, which, however did not prevent the establishment of a fascist dictatorship.

The need to "build" certain "regulatory" mechanisms into the newly forming democratic institutions was also emphasized by A. Galkin. If this is not done, he said, regardless of our subjective intentions, we will have anarchy instead of democracy; instead of movement toward a new stage in the development of society, society will be thrown backward. The speaker also cautioned against underestimating the role of the state in the democratization of socialist society. Just criticism of excessive statization [*ogosudarstvennye*] must not turn into the opposite extreme and must not depict the socialist state as a monopolistic source of negative tendencies, he emphasized. Denigration of the role of the state will inevitably lead to the destruction of the system for the social protection of the working people and will be irreparably detrimental to socialist society. What is more, in Galkin's opinion, under the conditions of the technological revolution, the state's role must be enhanced because under socialism the state alone is capable of restructuring social production.

S. Peregodov, doctor of historical sciences (IMEMO), expressed concern over the fact that with the broad consensus in society over the goals of political reform—the creation of a truly democratic political system—there are differences of opinion regarding the sequence of its stages and their concrete content. It is especially alarming, he said, that judging by published plans, neither specialists nor the top leadership have arrived at a final conception of the new political system. And the main question that is still unclear is the dividing line between the functions of the party and the functions of the Soviets. On the one hand, there is discussion of

absolute power of the Soviets, while on the other hand, it is emphasized that political leadership is exercised by the party. In the speaker's words, there is a clear contradiction here. Moreover, this contradiction is not only external. It permeates all relations in the political sphere. In Peregodov's opinion, the danger of this situation is that without a precise concept of the differentiation of the functions of the party and the Soviets, the process of expanding the power of the latter runs the risk of being interrupted in some stage or of even being turned backward.

Footnote

1. See MEMO, No 9, 1989, pp 90-94.

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SURVEYS, INFORMATION

Swedish Aid to, Trade with Third World Countries

904M0007F Moscow *MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA* in Russian No 12, Dec 89 pp 112-117

[Article by O. Vorkunova: "The Swedish Experience of Relations With the Third World"]

[Text] Relations between the West and the developing world were for a long time viewed in our literature exclusively from the standpoint of criticism of neocolonial policy. Since it was extremely simplistic, this scenario not only did not reflect the total complexity and diversity of the processes and phenomena in center-periphery relations, but also encouraged a deliberately one-sided view of the character and forms of the existing interdependence. It becomes necessary to reassess a number of old views and theoretical principles.

In the present stage of development of the world capitalist economy, the outcome of the competitive struggle for an individual state will depend largely on its ability to restructure economic relations with the developing countries and to draw upon their economic potential. Thus, the reference is not so much to the mechanism of exploitation as to integration and complementarity as the most effective form of development of the economic complex. Individual elements of Sweden's experience is of interest for analysis and practical utilization in this regard.

It is difficult to characterize Sweden's relations with the Third World unequivocally. Policy concerning the developing countries has traditionally occupied a leading place on the scale of Sweden's foreign political priorities. Its trade-economic relations and diplomatic activity in the zone of the liberated countries intensified in the '70's and '80's. In the process, Sweden's acquisition of

authority in the Third World has been viewed as a way of enhancing its role in international relations in general.

Swedish policy in the developing countries formed under the strong ideological influence of the social democrats. The theoretical substantiation of this policy was based on the ideas of equality and solidarity. The capacity of the Swedish model of relations with the Third World has in large measure been determined by the favorable economic conditions of the nation's development in the '50's and '60's and the social democratic party's half-century in power. A certain moral and psychological climate of civic responsibility for the plight of society's low-income members and a political culture of consensus formed in Sweden. These ideas became an integral part of Swedish values and traditions. It is not surprising that appeals for solidarity with "poor" peoples have found receptive soil.

Swedish social democracy has devoted much attention to the propagandization of the participation of small peoples in the events on distant continents. This has been in part explained by the attempt to overcome the unique small-country complex. At the same time, such behavior in the world arena has corresponded to the "active neutrality" concept.

For quite a long time, relations with the developing countries concerned different strata of Swedish society more abstractly than concretely in comparison with European or Northern directions of foreign policy. Sweden has not had significant colonies. The scale of its economic relations with the Third World has traditionally been small. The business community's interest in distant and risky markets has also accordingly been very limited. While discussions on participation in the EEC in the early '70's evoked virulent disputes and clashes among different political forces, as they evoke them even now, the discussion of relations with the Third World, on the contrary, played more of a conciliatory than a disunifying role.

Swedish "Aid to Development"

The Swedish variant of aid is distinguished by a number of characteristic features, above all, a carefully developed structure of organs coordinating the transfer of financial resources on an official basis, and the general orientation toward progressive regimes. The quite considerable size of allocations vis-a-vis the GNP is also a unique feature of the Swedish model.¹ Unlike other capitalist countries that in the '70's and '80's curtailed aid compared with the preceding period, Sweden appreciably increased the share of aid in its GNP. It should be added that the preferential terms of Sweden's aid to the developing countries did not require the purchase of significant quantities of goods and services in the Swedish market. But the principles governing the offer of aid merit special attention. In its approach to the evaluation of events in other regions, Sweden's Social Democratic Labor Party adheres to the criteria of democracy,

respect for human rights, the peaceful solution of problems, and the rejection of forceful intervention in the internal affairs of other countries.

In determining its partners, Sweden attaches much significance to the degree to which the ruling circles of one or another receiving country can secure "development in the direction of justice and democracy." Aid might otherwise be a source of additional enrichment of elitist circles and the state bureaucracy. Such are the factors that have determined the priority of the principles of "just income distribution" and "degree of progressiveness" of the system of recipient countries in the program of the Swedish social democrats. These programs have become the basis of official aid policy.

A considerable part of the allocations are for aid through the channels of different international organizations. Sweden is the third largest contributor (after the USA and the Federal Republic of Germany) to UN development programs.

Starting in the mid-'70's, the Swedish government began devoting more attention to bilateral aid, which at the end of the '80's reached 65 percent of total allocations for this purpose. In selecting recipients, Sweden usually gives preference to English-speaking countries. The list of recipients includes not only liberal-democratic countries, but conservative regimes as well. However the selection of the receiving side is based in part on the degree of development of the state sector in the economy, which ensures relative stability in the realization of projects. Because of the limited nature of its financial resources, Sweden tends to concentrate its efforts on the so-called program countries.

The selection of principal recipients is important to neutral Sweden as a way of finding ideological and political allies. It places its stake on countries that enjoy authority in the political circles of the liberated countries. Examples: India and Vietnam in Asia; Mexico and Cuba in Latin America; and Tanzania in Africa.

The rendering of aid for political reasons occupies a special place. This applies to Swedish support for national liberation movements, *inter alia* in South Africa and Central America, and the Palestinian movement in Israel-occupied lands. Countries with a socialist orientation occupy an important place in the programs: Ethiopia, Mozambique, Angola, Guinea-Bissau. A considerable sum is allocated for "frontline" states (Botswana, Lesotho, Swaziland, Tanzania, and Zambia). The reason for granting aid to them is to isolate the racist regime of the Republic of South Africa and to undermine its influence in the region. In addition to this there is also the more substantive goal of bolstering of Sweden's authority on the African continent.

The aid program subsequently pays off in economic terms. This is attested to in particular by the development of relations with Angola. The influential newspaper DAGENS NYHETER writes: "The best capital of Sweden and Swedish industry is the good reputation that

has developed thanks to the solidarity movement. W. Palme's personal ties with the leaders of the MPLA, SIDA (the state administration for international cooperation—O. V.) aid to the MPLA, and the high quality of Swedish products.² It is not by chance that leading Swedish firms—Volvo and SAAB-Skania—have obtained large orders for trucks and for the training of qualified specialists in this area. Other export monopolies—ASEA, L. M. Eriksson, Alpha-Laval, Grenges—have also concluded successful contracts.

Swedish bilateral aid has been provided in the form of agricultural, industrial, educational, and health projects as well as in the form of so-called import aid. The former involves the delivery of services, equipment, and materials and the provision of financial resources in the form of nonreturnable subsidies and loans. "Import aid" is also allocated for the purchase of goods in Sweden. Explaining this feature, E. Mihanek, former SIDA director, noted: "For our foreign policy and well-being, it is more advantageous to use these more preferential terms for providing aid. This provides us with stable positions in the developing countries and is the only correct strategy in the long run."³

As practice shows, Sweden finances the greater part of the projects in areas where it occupies an advantageous position in the world market. In such a case, formal rejection of the principle of aid "with strings" (i. e., requiring the purchase of Swedish goods) does not exclude the possibility that liberated countries will continue to purchase equipment from Sweden. "Import aid" thus supports Swedish exports to the Third World. According to some estimates, the country gets back 50 percent of its aid funds.

In the late '70's and early '80's there were certain changes in the branch structure of Swedish aid. In the '60's and '70's, it was predominantly in the form of health, agriculture, and forestry projects; personnel training projects; and infrastructure development projects. The late '70's and early '80's were noteworthy for ever more considerable aid in the construction of production facilities (a pulp-paper combine in Vietnam, for example) and for the development of industrial and scientific-technical cooperation. Sweden's interest in modernizing the industrial sector in the young states has the very pragmatic basis of finding a market for the technology and technical knowhow of traditional branches of Swedish industry that are presently losing ground.

Sweden has established an agency for scientific and technical cooperation (SAREK) for the purpose of coordinating technical aid and personnel training for the economy, government administration, education, and health care in the developing countries. "We want to make it possible for the developing countries to conduct independent research," its director emphasized, "with the condition that they themselves define the range of problems to be studied."⁴ At the same time, owing to this agency Sweden's scientific institutions can obtain information about trends in the development of production and

scientific research in the liberated countries. This in turn makes it possible to adjust national scientific research programs to take prospective markets of liberated countries into account.

Specialists from the developing countries are trained in progressive methods of organizing and managing production and in modern marketing techniques at the Higher Trade School's Corporate Management Institute. Sweden pays all tuition for Third World representatives. The courses include the study of the mechanism for adapting modern Swedish technology to the conditions of the developing countries. Sweden's practice of scientific-technical cooperation with the liberated countries is as yet unique within the framework of Western aid to development.

The leading recipients of Swedish aid—India, Tanzania, and Vietnam—are at the same time the largest markets for Swedish products in the developing world. The connection between aid and private foreign investment is less clear. The faint interest of Swedish monopolies in foreign capital investment in the Third World before the '70's gave social democratic ideologues grounds for speaking of the exclusiveness of Swedish aid policy which was supposedly free of commercial profit motives. Thus did the concept of "noncontiguous interests" in business relations and aid develop. There were considerable changes in this area in the '70's. Mounting crisis phenomena in the economy and the significant increase in the share of budget allocations for "aid to development" made Swedish monopolies more interested in new markets and other motives for offering aid accordingly became more clearly discernible. These changes were reflected in government documents, including a SIDA declaration that spoke of the need to unify the efforts of the state and monopolies in rendering aid to the developing countries. The considerable growth of allocations for these purposes and the transition to long-term integrated programs promoted industrial cooperation which by the end of the '70's began absorbing up to one-third of all bilateral allocations. In the late '70's and early '80's, Swedish monopolies were increasingly drawn into large-scale projects in the developing countries, actively using the state financing of aid programs.

The economic aspect of the aid policy intensified during the bourgeois cabinet's term of office in 1976-82. The search was launched for new forms that were more responsive to the monopolies' interests. At the same time, it became common practice to conclude long-term agreements on cooperation that flexibly incorporated elements of pure aid and commercial relations. The government took measures to stimulate private capital investments in the economies of nation-recipients of aid in Asia and Africa. They included the establishment of a fund for industrial cooperation with the developing countries in 1979. State budget allocations formed the fund's charter capital. The Central Association of Swedish Trade Unions commented quite clearly on the true purposes of the new organ: "The creation of the

fund to stimulate private capital investments in the developing countries undermines the basic principles of aid policy because since that time preference will be given to projects that interest foreign monopolies."⁷

Sweden and the new international economic order

Sweden's increased role in international relations has been manifested in particular in its increased activity in international forums on the establishment of the new international economic order (NIEO). Sweden's relatively flexible line compared with the USA and certain other capitalist countries is based on the desire to reach a compromise on the solution of North-South problems.

Sweden numbers itself among countries that possess the formula of compromise and claims the role of broker in the system of North-South relations. The leading capitalist countries are entirely satisfied with such a distribution of the roles. Sweden's constructive position in international negotiations is a kind of balancing factor in international relations.

At the same time, Sweden's attitude toward the NIEO should not be idealized. The reference was to intervention in the capitalist economy's market mechanisms. Such a formulation of the question essentially required serious structural changes in the national economy and a painful break with the existing proportions. Therefore, Sweden's vote for the Charter of Economic Rights and Obligations and for the Action Program to Establish the NIEO was not equal to the recognition of all demands of the developing countries. This was clearly seen in the discussion of concrete proposals. Thus, Sweden did not share the demands of the liberated countries to introduce a system for indexing raw materials prices and opposed proposals to restrict the production of synthetic and artificial textile products and taxes on these products.

In the analysis of the practical significance of Swedish activity within the North-South framework, two levels should be differentiated: Sweden's policy in international negotiations and national practice of relations with the developing countries. An important element of Sweden's policy vis-a-vis the NIEO is connected with the line of "gradual" steps called upon to produce a propagandistic effect to a greater degree. The initiative of convening meetings of the so-called group of "like-minded nations" with the participation of developing and small Western countries accorded with these goals. The first meeting took place in Oslo in 1981. J. Holst, the erstwhile state secretary of the Norwegian Ministry of Foreign Affairs, emphasized in his introductory address that the "meeting is part of a broader dialogue...We hope that this meeting will become an important and useful element in the process of preparation for global negotiations."

Two stages are seen in the evolution of the nation's policy in international forums in the '70's and first half of the '80's. The first coincides with the formulation of the Action Program to Establish the NIEO and covers the period of the '70's. It is characterized by the active

support of the majority of the demands of the developing countries, by attempts to induce Western countries to compromise. It was specifically these features that distinguished Sweden's position in international conferences in the second half of the '70's. The second stage can conditionally be related to the '80's. It was characterized by the search for a model of the NIEO at the interregional level (a "mini-NIEO").

Sweden took an active part in the preparation of the Action Program to Establish the NIEO and tried to soften individual formulations convenient the Western powers. But as the young countries began advancing specific demands, Swedish ruling circles began focusing attention on the need for the establishment of the NIEO as a mechanism for economic regulation and control on a global scale and for unifying the efforts of industrial countries. Thus, Sweden gradually departed from the tactic of supporting individual wishes of the developing countries and inclined toward developing a unified Western strategy. The urgency of formulating the question of establishing the NIEO in this regard was connected with the growth of crisis phenomena in the capitalist economic system in the early '80's. Traditional advocates of foreign trade were among those who favored the regulation of economic policy at the international level. The free trade principle does not create equality in relations between "rich" and "poor" countries: it rather promotes the development of conditions under which their differences are revealed to an even greater degree, noted K. O. Feldt, who was then Sweden's minister of foreign trade.

Accordingly Sweden supported the demands of liberated countries to conclude trade agreements on a number of commodities and on the creation of buffer reserves. During the North-South dialogue in Paris, it was the initiator of a system for the stabilization of export incomes of developing countries, of writing off loans to less developed countries, and of consistently increasing aid.

Trade liberalization measures adopted by the Swedish government in the '70's promoted the development of relations with the liberated countries. Among them was the country's system of preferences for finished industrial goods and certain agricultural commodities. Thus by the time the Action Program to Establish the NIEO was adopted, Sweden already had a more preferential program for trade with the liberated countries than many industrial nations.

At the same time, Sweden was outstanding for its differentiated approach to trade with the developing countries.

Advantages from the introduction of the preferential import program were enjoyed first and foremost by the most developed ASEAN and Latin American countries. Approximately 86 percent of Sweden's imported goods came under a system of preferences that extended to only nine developing countries. At the same time, the share of

"program" aid recipients comprised only one percent of the imports from the Third World.

The system of preferences did not include products of the textile, sewing, lumber, and leather industry, i. e., competitive branches of the developing countries. What is more, selective temporary measures were taken to protect the internal market. Import quota agreements for certain finished goods were concluded with a number of countries.

Economic difficulties in the second half of the '70's forced the Swedish government to introduce protectionist measures. At the same time, the growing significance of the liberated countries for [Sweden's] national economy prompted measures to stimulate trade ties with the Third World. They included the creation of an office for promoting imports from the developing countries to Sweden whose task included the study of the Swedish market from the standpoint of the young countries and the transfer of the necessary information to the appropriate export institutions in these countries.

Sweden's participation in interregional cooperation of North European and South African countries became one of the new forms of interrelations on a partnership basis. As Finnish researcher K. Kilyunen emphasized, from the viewpoint of member nations of the Conference for the Coordination of the Development of South African Countries, "aid from North European countries is an ideal variant because it comes from small countries that did not have colonies in the past and that have negligible commercial interests in this region."⁶ This variant was conceived as a more flexible form of relations with the developing countries than the Common Market practice and presupposes that exports from Conference countries will have free access to North European markets. Barter and a joint system of guarantees for imports of North European countries are planned at the same time. In the short term, it is planned to increase aid programs, to reform the preferential system for South Africa, and to establish mixed firms. At the same time, K. Kilyunen believes that cooperation between North European countries and this group of countries is less a contribution to the establishment of NIEO, but is "front-line" by virtue of the logical development of the bilateral aid policy of the Scandinavian countries and hence this initiative is based on already existing principles in the interrelations of Scandinavian and liberated countries.⁷

The Swedish model in the Third World

The "Swedish model" is one of the key concepts in Sweden's strategy in the Third World. The term is quite tentative and is most often used by journalists to denote the Swedish version of democratic society. G. Adler-Karlsson, a Swedish Social Democratic Party theoretician believes that the conceptualization and theoretical interpretation of Sweden's economic and social experience hold great value for countries in the developing world claiming to develop an ideology that is distinct from capitalism and communism—"the ideology of

development." The liberated countries realize that merely copying the Swedish model is relatively ineffective. This can be illustrated by a curious incident involving a Swedish economist in India in the mid-'60's. Struck by the scale of poverty and backwardness, he began a lecture with a description of the Swedish model. The professor was extolling his country's success until one of the students inquired about the number of people living in Sweden. "Seven million," was the reply. "In our country, seven million is called a laboratory," the Hindu retorted. And it is indeed true that Sweden has developed under exceptionally favorable conditions. Many elements of its economic model function only in Sweden and do not yield the desired results when transplanted to other soil. There are numerous examples of this point. Traditional Swedish production management techniques did not work at affiliates of a Swedish company even in highly developed Great Britain. The thesis of Swedish theorists that the best ideas of all models and systems presently in existence should be creatively reworked to fit national conditions should obviously be appealing to the developing countries.⁸

Swedish economists also offer very concrete recommendations. Thus, Nobel Prize winner G. Myrdal suggests beginning with the reform of the agrarian sector which is the basic economic branch for many liberated countries. As one of the founders of the sociological conception of the reasons behind the backwardness of developing Asian countries, G. MYrdal insisted on the need for radical reform of social and political [institutions] in parallel with technico-economic modernization.⁹

G. Adler-Karlsson, author of the theory of "functional socialism," propagandizing the Swedish experience in the Third World, states that neither capitalism nor socialism in pure form can secure sufficient effectiveness in economic development. It is therefore necessary to combine the experience of both one and the other as in Sweden. For example, in the sphere of industry he proposes an economy with "temporarily denationalized economic functions" similar to concessionary contractual obligations between the government and private entrepreneurs as a possible variant.

Without a doubt, Swedish social democrats had a basis for propagandizing the Swedish model. It includes political stability and economic prosperity in the '60's, certain successes in the next 20 years, one of the lowest levels of unemployment in the capitalist world, social and legal protections for citizens "from the cradle to the grave," and last but not least—the absence of a colonial past. A consistent anticolonial policy, struggle in the world arena for the observance of human rights especially in developing countries with dictatorial regimes, an active position on disarmament and development, and finally, the personal popularity of W. Palme, the leader of Sweden's social democracy and the prime minister of Sweden did much to strengthen Sweden's authority in the Third World.

Now that the world community is faced with the problem of humanization and deideologization of international relations, the policy of creating joint ventures in the developing world with the participation of socialist countries and Sweden could become a very promising form of international cooperation. Such experience already exists in neighboring Finland. Such cooperation would be a contribution to the joint solution of the problem of development.

Footnotes

1. In 1974 Sweden was the first to meet the UN goal of allocating 0.7 percent of the GNP to aid the developing countries. In 1988 it allocated over one percent of its GNP.
2. DAGENS NYHETER, 15 February 1977.
3. K. Hermele and K. Larsson, "Solidaritet eller imperialism," 1977, p. 103.
4. DAGENS NYHETER, 24 January 1977.
5. Ibid., 11 January 1987.
6. COOPERATION AND CONFLICT, No 3, 1987, p. 162.
7. Ibid., p. 166.
8. See G. Adler-Karlsson, "Functional Socialism," Stockholm, 1969, pp. 10, 37, 11.
9. G. Myrdal, "Sovremennyye problemy 'tretyego mira,'" Moscow, 1972, p. 9.

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ECONOMIC MONITOR

Comparison of U.S., Soviet Public Debt, Personal Savings

904M0007G Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYE OTNOSHENIYA in Russian No 12, Dec 89 p. 124

[Article by L. Grigoryev: "Who Will Buy Our Debts?"]

[Text] The 1990 Budget Law introduced by the Council of Ministers calls for covering the deficit (60 billion rubles) with the aid of government loans. This is undoubtedly the correct intention, but its implementation will not be easy because our public debt is very large. For comparison, the U. S. federal debt reached its maximum (relative to the country's nominal GNP) in 1946—128 percent. By 1979, it dropped to 33 percent, but in 1989 it was assessed at \$2.9 billion or 56 percent of the GNP. According to the estimate, at the end of 1989 the USSR's internal debt will reach 400 billion rubles or 44 percent of the country's GNP (36 percent in 1988). Outwardly this is not much, but only outwardly.

Let us compare the size of the debts with the population's savings. At the end of 1988 the American population had a combined total of \$7.1 trillion on deposit and invested in pension funds and insurance companies. In addition, it had \$4.8 trillion in stocks, bonds, and investments in unincorporated business and \$3.2 trillion in various kinds of debt obligations. This amounts to approximately \$35,000 in per capita savings. So it is that the enormous U. S. federal debt rests on a "cushion" of savings that is approximately 4.2 times thicker than it. Our present state debt, on the other hand, rests on very hard "bedding" of less than 470 billion rubles (or about 1700 rubles per capita). This includes about 100 billion rubles in cash, about 330 billion in the Savings Bank at the end of the current year (estimated), and 39 billion in the form of loans (30 in three-percent and nine in old loans dating back to the '50's. Thus, the relative size of our state debt is very great and our savings are extremely small contrary to popular belief.

How can the current deficit be covered? According to its authors, the largest payment to the budget must be made by industrial enterprises, cooperatives, and credit-finance institutions. According to the Ministry of Finance, they are prepared to buy 60 billion [rubles] worth of union and republic bonds paying 5 percent annual interest (at an inflation rate of 7-8 percent). In his report at the 25 September 1989 session of the Supreme Soviet, V. S. Pavlov explained: "Remainders in the accounts of enterprises alone have doubled in the last 3 years and amount to more than 100 billion rubles."

We recall that at the same time there must be a reorientation from centralized to independent financing of capital investments. With taxes fixed at a level slightly higher than 50 percent, in 1990 enterprises will be left with approximately 125 billion rubles from 258 billion rubles in planned profit. Noncentralized investments are planned at 95 billion rubles. As a result, the increase in "free" financial resources of enterprises will be very slight (we will not forget the growth of working capital). Will it be considered feasible to deprive the most monetary of them of the "fat" of cash which, to be sure, it is very difficult to use without funds [fondy] and limits? The success of the debt defrayal of the deficit will depend decisively on this. But even in the event of success, it will be very difficult to repeat such an operation in 1991.

Special, officially proclaimed loans for 1990 enabling the population to purchase durable goods in 1993 are of course not loans but hidden price increases of 15.7 percent because, for example, the happy possessor of a "Yelabuga consumption bond" (a loan to finance the construction of an automotive plant in Yelabuga—Ed.) actually loses interest for 3 years. But of course they will be purchased.

The insufficient development of the credit-finance system and our country's low savings norm do not allow us to carry out broad social and investment programs simultaneously even on the basis of deficit financing. Financial markets cannot be introduced at a time when

several tens of billions must be taken out of them. The financing of the state debt can be facilitated only by expanding the base of the nation's credit system through the consistent enhancement of incentives to save.

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BOOK REVIEWS

Book on Military-Political Aspects of World Security Reviewed

904M0007H Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 12, Dec 89 pp 128-131

[Article by S. Blagovolin of book "V poiskakh vykhoda. Voenno-politicheskiye aspekty mezhduarodnoy bezopasnosti" [In Search of a Solution. Military-Political Aspects of International Security] by A. A. Kokoshin, Moscow, Politizdat, 1989, 272 pages]

[Text] Bismarck once spoke of the danger to politicians that is presented by fear prompting them to perform incorrect and frequently irreparable actions. To be sure, he was thinking not of a foreign political but of an internal situation, but this does not change matters. Fear and mutual apprehensions today are an even greater danger than ever before. They are virtually the main reason for the uncontrollable arms race. Today we can take pride in the fact that our country is in the front rank of those who wish to put an end to such "political" fear, to the specter of possible lag in this endless and senseless race.

The new political thinking here has scored the greatest progress, having achieved what would have been inconceivable only 2 or 3 years ago. Our scholars specializing in international affairs have made no small contribution to this. The new book by A. A. Kokoshin, corresponding member of the USSR Academy of Sciences, is both the proof and the continuation of these fruitful efforts.

Strictly speaking, its very name is an invitation to think. The section headings are not like sentences that set your teeth on edge, when you know without reading what is written and in what sequence. The author tried to look at the investigated problems as widely as possible—from a political, a military, and a scientific-technical point of view. I will state frankly that the attempt succeeded in my estimation. Naturally, I do not believe that the researcher answered all the questions and I do not agree with him in all respects (this will be discussed below). But generally speaking, would it be possible to hope to "create" a certain truth in the final instance, to surmount real and contrived problems, to pierce the very fear that for decades has led U.S. and Soviet military doctrine toward confrontation and mutual destruction?

A. Kokoshin objectively characterizes the difficult road that both the USA and we have followed in the direction of understanding the disastrousness of nuclear war (pp 14-19). However, it seems to me that he simplifies matters when he discusses the military-strategic situation, especially in Central Europe. After all, it is not only the "Western propaganda organs that have constantly reminded us that both the structure and disposition of Warsaw Treaty Organization forces have had an offensive character" (p 23); it is not by chance that we are presently restructuring them in accordance with our defense doctrine. I think that in this connection it would be interesting to analyze the NATO countries' principle of being the first to use nuclear weapons. At the same time, the scientist is entirely correct when he notes that the conditions underlying the outbreak of war and political motivations and goals in the war (and this idea is pursued throughout the entire monograph) are of fundamental importance in evaluating the balance of forces.

It must be noted that when you read the book, you see that the author in many places goes far beyond the limits of the topic under review. And this is understandable since he is one of those specialists who has an excellent understanding of the interrelations of what seem to be the most diverse aspects of the military, economic, and political situation. Thus the section on the genesis and evolution of Soviet-U.S. strategic nuclear parity examines in detail military reform in our country (pp 41-41) and refers to the experience of pre- and postrevolutionary measures of this type. In general, one of the great merits of the monograph is its clearly evident "time bond," without which all discussions of the choice of the optimal path of military organizational development can hardly be persuasive. Incidentally, I do not doubt that many mistakes and disorders in the military sphere, about which A. Kokoshin also writes, have specifically been as a result of the lack of understanding of the transitory nature of many geopolitical features of our country's situation.

I would like to note that the problem of strategic nuclear parity is most reasonably posed in the work as the center of research. This is explicitly stated several times and, most importantly, the idea is stated that the attainment of parity created for us new conditions that we, alas, have not used (see pp 50, 51, 55, 268). The analysis of the evolution of American views of the correlation of forces with the USSR, starting with "early Kissinger" and ending with "late" Nixon and Reagan, is very interesting.

But a question arises. Characterizing the fourth stage in the formation of strategic nuclear equilibrium (pp 63-64), the researcher writes about the USSR reaching "the level of rough equality, parity with the USA. However, at the beginning of it, the United States still had considerable advantages over the USSR in the aggregate number of medium and shorter range nuclear systems and in nuclear battlefield systems." Did this inequality influence strategic nuclear parity in any way? Is there reason to believe that missiles with a range less than 500

kilometers and tactical aviation and all the more so artillery violate strategic parity? I fear that A. Kokoshin is not entirely consistent here.

It is not by chance that I address this topic. The author examines the interrelationship between nuclear weapons and strategic stability, and discusses medium range missiles in Europe. He notes, in particular, that the deployment of American missiles disrupted military strategic parity, but that it was restored by the complex of our measures in response (p 8). He goes on to mention (on p 127) proposed measures by Soviet scientists and specialists on the unilateral limitation and reduction of SS-20 missiles which unfortunately were not adopted. But after all, the American missiles appeared later, no matter how you count them, in response to ours. I am absolutely not trying to picture matters in a way that suggests that their appearance did not create any additional threat to the USSR. However this should be analyzed. Can the situation be altered to any substantial degree by the use of Pershing II missiles with a short flight time (and all the more so, cruise missiles with a long flight time) against the background of a full-scale conflict involving nuclear missiles? If it does alter it, then by what period of time: by the amount of time that distinguishes the flight time of the Pershing II from an ICBM or SLBM (submarine-launched ballistic missile), i. e., 20 minutes or so? Perhaps there is some other method of evaluation? I think that the adoption of the "null variant" showed that the USSR's erstwhile leadership once more failed to listen to scientists and specialists. How much money would have been saved! But I try together with the author to find the key to the problem: what does it take to disrupt strategic nuclear parity and is there another criterion of its existence other than the inevitability of a retaliatory nuclear missile strike? This is not an idle question: the evolution of interrelations between parity and stability is largely connected with this.

I would also like to note A. Kokoshin's subtle understanding of the need for a qualitatively different attitude on the part of countries than formerly toward military doctrines both toward their own and toward the other side. He is absolutely right: while in the pre-nuclear era, a country's adoption of unrealistic warfare schemes merely played into the enemy's hands, today the situation is radically different (pp 95-96). And here it is appropriate to note: in the context of strategic stability it is very important to secure total correspondence between the political and military components of military doctrine. In this regard, the scientist reasonably talks about the anxiety that is generated in the USSR by certain elements of Washington's and NATO's strategy, U. S. naval strategy, FOFA (a concept aimed at delivery of fire against the enemy in depth at great distance from the front line), etc. Of course the evolution of doctrines of both sides and the imparting of an obvious defensive character to them is of very great importance. At the same time, references to D. F. Ustinov (p 88) to confirm the contention that our doctrine has always been of a defensive nature sound unconvincing today. This is so

applicable to the political part, but its military-technical component has not by any means corresponded in all respects to the "declaration of intentions." A serious correction in the necessary direction is presently underway.

The book makes a professional and unprejudiced examination of ways of eliminating nuclear weapons. In particular, an important place is devoted to such an important problem as the reduction of nuclear weapons and strategic stability. It acquires special significance as the prospects for making the transition to minimum nuclear deterrence are examined more and more actively. It is also probably well that the reader is introduced to a broad spectrum of approaches of both Soviet and foreign specialists. And here is another very important point: the proliferation of nuclear weapons is not forgotten in this regard (pp 144-158). After all, this is specifically the key to understanding how events can develop in the middle and long run. However I would have not compared the reasons by the USA and the USSR support the nonproliferation of nuclear weapons in a "traditional" manner that is somewhat unexpected even for A. Kokoshin (pp 146-147). Indeed, our approach is hardly exclusively altruistic. It of course—and this is entirely natural—also takes into account the political interests of our country and not only the interests of "all mankind." It seems to me that the most important point is the coincidence of these approaches, a coincidence that becomes more and more important as alarming signs attesting to the probability of the diffusion of nuclear weapons become more numerous.

Nor can I ignore the fact that unlike many of our colleagues the author talks about the prospect for moving toward a nuclear-free world with invariable restraint and without routine optimism, not only on individual, concrete pages (for example, on pages 172-174). The idea that runs through the entire book is that this is a necessary, extremely difficult task, the realization of which must be accompanied by a whole complex of accords that not only embrace the sphere of East-West relations, but that are also of a global nature.

The urgent need to keep the arms race out of space and the enormous importance of this for finding a solution under conditions where this threat becomes a reality is thoroughly shown. But because I am well acquainted with A. Kokoshin's constant striving for the new, for the improvement of ideas and conceptions, I honestly say that I would like to have seen more answers to questions that are of interest to both the broad audience as well as to specialists. One of these questions concerns the interrelationship between certain basic research, the practical application of results in spheres not connected with space (or that are perhaps connected but not in a military "refraction"), and the possibility of their rapid conversion to the creation of ABM defense. And here there naturally arises a serious problem—whether the logic of scientific-technical development might not lead to fundamentally new systems and potential for influencing nuclear missile weapons (outside the framework

of SDI). The point is that it would not be a bad thing for all of us connected with the study of various aspects of military problems to think about this now. What will happen first—will nuclear weapons be eliminated as a result of the appropriate agreements or will there be a new scientific-technical "breakthrough?" Of course this means not reading tea leaves to guess when this might happen, but rather requires evaluating possible consequences of this situation.

When we examine problems of strategic stability at the level of conventional arms, the author correctly emphasizes that surprise, for example, "is not only a military (strategic, operational, and tactical), but also a military-political category" (p 211). Therefore it is so important that we on the one hand not overlook changes in today's world and in the policy of "key" countries encircling the Soviet Union, and on the other hand, that we ourselves not create a threat to stability from not only a military, but also a sociopolitical standpoint, that we not provide grounds for expecting unpredictable actions from our side.

The question of acquiring the ability to use conventional arms to realize essentially global military tasks with consequences hitherto unknown in history is very timely and correct (p 219). The author's analysis is reinforced with the necessary factual material and with the precise presentation of the positions of the USA and NATO without the superfluous and senseless misrepresentation that many of us were "guilty of" only yesterday.

I would also like to note the pages that speak about the possibility of limiting the armed forces and conventional arms, forms of their conversion to a defensive structure, a most important practical step on the road to which is our unilateral reductions. Special attention here is acquired by the historical aspect of the problem (pp 251-260), which is accompanied by an analysis of the views of both foreign and Soviet authors (of the pre- and postrevolutionary period), including the ideas of some of our country's remarkable military specialists, e. g., A.A. Svechin and A.I. Verkhovskiy (p 254).

While the author of the book under review is not an economist, in my opinion the role of economics could have been shown more broadly, considering the fact that it is a most important direct (rather than indirect as in the past) component in the correlation of forces in the military sphere.

It seems to me that it would be also be useful to examine in greater detail the probable consequences of the rapid growth of military potential in the Third World. After all, its influence on strategic stability, on the state of international security is growing appreciably. (But what may happen 5-10 years from now?). And not only in connection with the possible advent of new nuclear missile powers. Even though, on the other hand, this could have already been another book because the topic is vast and the problems are extremely complex. But it

has already been examined in the given book. Perhaps there were even too many topics.

At any rate, the new work by A. Kokoshin is one more step in the direction of ridding ourselves of fears and attempting to find correct approaches and assessments. It is not surprising that a multitude of questions arise as you read it. Incidentally, as the author himself warns us, in many cases he has merely indicated the contours of existing and incipient problems and ways of resolving them. These questions, the vast areas on which we agree, and the disputes I wage with him in these pages (and outside them since we work on very similar topics)—all this only convinces me that this book is very useful and timely. In my opinion, the scholar accomplished his most important objective: to demonstrate convincingly and professionally both the urgency of the problems and the possibility of solving them. The publication is almost completely free both of "angry" labels and inappropriate raptures. And after all this is also an important feature of the new thinking: the ability to see opponent not as a desperate, deaf-and-dumb adversary, but as an *interlocutor* one must persuade and be prepared—if he is right—to agree with.

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Review of Book on Government, Industry, Universities in US Science

904M00071 Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYE OTNOSHENIYA in Russian No 12, Dec 89 pp 136-137

[Review by A. Ardishvili and A. Dynkin of book "SShA: priority NTP. Nauchno-tekhnicheskaya politika i strategiya" [The USA: Priorities of Scientific-Technical Progress. Scientific-Technical Policy and Strategy] by V. S. Babintsev. (Responsible editor: V. N. Livshits, doctor of economic sciences). Moscow, "Nauka," 1988, 180 pages]

[Text] The author of the monograph under review posed two major goals for himself: the theoretical investigation of the formulation and implementation of scientific-technical policy of a developed capitalist country and the analysis of U. S. scientific-technical policy (STP) in the '80's, its priorities, mechanism, and the structure of the respective state bodies.

The concept of scientific-technical policy is examined in the book in the form of coordinated ideological, organizational-managerial, normative-regulatory, and financial measures that are implemented by the state. The view of state scientific-technical policy as a system made it possible to identify its basic link—strategy, and to show that the latter regulates the formulation and implementation of policy and mobilizes all of society's forces around it.

The work correctly notes that despite the relaxation of the state's regulatory influence at the tactical and operational level of management of the economy and STP, capitalist countries nevertheless try to maintain a quite clearly defined strategic course. From this it follows that deregulation, in the area of STP, in particular, does not in any way mean a relaxation of the state's influence, but only means the modification of the forms in which the state's strategy is implemented (p 66).

The tendency toward the decentralization of the formulation and implementation of scientific-technical policy, which has been more and more clearly apparent in the last decade, is investigated in parallel with this. We note that V. Babintsev is inclined to ascribe it to the subjective striving of monopolies to satisfy their narrow interests (p 61). It is difficult to concur with such an interpretation. In the opinion of a number of authoritative Soviet and foreign scholars, the trend toward centralization is primarily based on revolutionary changes occurring in our day in the development of the productive forces, which are occasioned by particular features of the present stage of the scientific-technological revolution and by fundamental changes in the social structure of modern capitalist society.

The author's analysis of the reasons behind the fragmentary character of the scientific-technical policy of Western countries which, in his opinion is because the majority of them lack a single state body responsible for the management of STP (p 63) is also open to question. But is a single bureaucratic entity really so very necessary, especially because, as the book admits, effective indirect levers for influencing STP exist in capitalist countries (p 54)?

One of the key premises of the monograph's theoretical section is the conclusion that the policy of innovation—the basic goal of which can be considered to be the organization of the concerted interaction of the levers of scientific, technical and industrial policy—is the system-forming component of scientific-technical policy (p 49, 67). The idea that receptiveness to innovation, depending on the level of economic and technical development, material and financial support for R&D and production, personnel training, informational support, the flexibility of organizational structures, etc., should be considered the basic object of innovative policy is of interest. The introduction of the concept of receptiveness to innovation as a new feature of the "science-production" system enables the author to expand the range of categories used by him, to make it sufficient to describe the innovative process and to characterize the basic goals of the corresponding policy (pp 31-32).

The section devoted to the analysis of U. S. state scientific-technical policy is probably most significant in our view. It is based on a great wealth of factual material reinforced by the researcher's own calculations that are based in detail on the causes behind the American government's transition to a new policy in the area of STP in the early '80's. Among them: the strengthening of

the positions of Japan and Western Europe and the lag of the U. S. economy (especially in science-intensive branches); the oil crisis and the resulting need for reorientation toward the development of resource-saving branches; the obsolescence of the traditional branches and branch complexes; and the dramatic increase in military spending under the Carter administration (pp 74-77). The monograph notes that no small part in the slowdown in the rate of modernization of industry's scientific-technical base was also played by such factors as the excessive growth of the state apparatus that restricted the initiative of private business and cutbacks in spending on basic research as well as applied research and development in the early '70's. The slowdown in the rate of STP found reflection in the reduction in the number of innovations, the smaller number of new venture firms, and the shortage of venture capital. All this, the author writes, has led to a general lowering of innovative potential (p 84).

The scholar concludes that in the late '70's and early '80's a situation developed in the country when the task of replacing state regulatory models became one of the most important, pressing problems. Analyzing the scientific-technical policy of the Reagan administration, he convincingly shows that the basic orientation of the latter's industrial policy boiled down to the creation of conditions for increasing corporate capital investment in fixed capital and to establishing more flexible control over the private sector and to weakening of antitrust legislation (p 95).

Analysis of the discussions by the U. S. Congress of scientific-technical policy making it possible to identify the basic principles of the state's attitude toward R&D and the key directions of financing of basic and applied research appears valuable.

The author emphasizes in particular the large part played by measures to increase the research potential of universities in the stimulation of basic research. He refers, in particular, to the establishment of engineering research centers at universities and the implementation of programs to make supercomputers available.

In his characterization of the Reagan administration's technical policy, V. Babintsev singles out such decisions as the law modifying taxes on capital investments in R&D (1981), the encouragement of American industrial companies to establish research consortia for the joint execution of large-scale R&D projects, and the relaxation of antitrust legislation (pp 123-124). We note that the application of the enumerated regulatory measures exclusively to technical policy seems somewhat contrived: their influence extends to a far broader spectrum of questions of state scientific-technical and economic policy.

The book analyzes one of the most important aspects of the Reagan administration's scientific-technical strategy: innovation policy and especially its central problem—

cooperation between science and industry. National Science Foundation programs for organizing the cooperation of U. S. scientific research institutions and industrial firms, measures to support small science-intensive business, and forms for coupling small science-intensive firms and government agencies in joint research projects are analyzed in detail (pp 135). Also examined are such measures as government purchases from small science-intensive firms, patent and license legislation reform, and the organization of international scientific-technical cooperation (pp 137-138).

The monograph ends with an analysis of the structure and mechanism of the formulation and implementation of U. S. scientific-technical policy. Deserving of attention is the author's proposed classification of the principal levels of this structure: highest—articulation of the strategy of development of science and technology, formation of national priorities; middle—economic branch and regional management; lowest—operational management of programs in state or mixed laboratories, universities, and corporations.

V. Babintsev concludes that the existence of these three levels means the existence of a special mechanism for implementing the indicated policy. This means combining the combination of the centralized formulation of government strategy of development of STP in individual branches (military, health care, social security) with decentralized formulation (the tactical programs of individual agencies).

As we see, the book offers serious analysis of both theoretical and applied problems connected with the formulation and implementation of the science and engineering policy of developed capitalist countries, which makes it of interest to a broad readership of scientists and persons concerned with practical issues relating to scientific-technical development in our country. The monograph would have been considerably more valuable if the scholar had provided it with a broader conclusion with certain forecasts for the future. After all, the work was published at a time when the Reagan administration was coming to an end and it would have been interesting to know the author's point of view regarding possible changes in the reference points of U. S. science and engineering policy under the new administration.

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[Text] Blagovolin, Sergey Yevgenyevich, doctor of economic sciences; department head, USSR Academy of Sciences IMEMO.

Avtonomov, Vladimir Sergeyevich, candidate of economic sciences; scientific associate, USSR Academy of Sciences IMEMO.

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List of Books Recently Published

904M0007K Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 12, Dec 89 pp 141-142

[Text] Andreotti, Dzh., "SSSR, uvidennyi vblizi" [A Closeup View of the USSR]. Translated from Italian. General editor: I. B. Levin Moscow, "Progress," 1989, 390 pages.

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Articles in MEMO Not Translated

904M0007L Moscow MIROVAYA EKONOMIKA I
MEZHDUNARODNYYE OTNOSHENIYA in Russian
No 12, Dec 89 pp 1-2

[Text] Competition as a Discovery Procedure (F. Hayek)
..... pp 5-14

F. Hayek and His Philosophy of the Market (R. Kapelyushnikov) pp 15-26

The South Korean Economy on the Threshold of the
'90's (A. Fedorovskiy) pp 49-57

Interdependence and Changing International Policy
(Joseph S. Nye Jr) pp 73-81

Structural Groups and Reform (T. Koloshi) .. pp 90-98

Keniti Imai: A Theory of the New Economic System is
Needed pp 99-105

The Chinese Diaspora in Southeast Asia: New Measure-
ments of the Problem (Liu Yunan, Ye. Rashkovskiy) . pp
106-111

Once More Concerning the "Crisis Year of 1939" (M.
Semiryaga) pp 118-123

Soviet-Finnish Symposium pp 125-127

The State Sector: Axioms and Facts (V. Avtonomov) . pp
131-133

The Internationalization of Business and the Investment
Climate (N. Mukhetdinova) pp 133-135

The Lessons of Hammer (A. Anikin) pp 138-141

Figures, Facts, Opinions p 143

Forecasts of Energy Consumption of in Western Europe
and Japan pp 144-151

Index to Articles and Materials Published in 1989
152-157

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"Mirovaya ekonomika i mezhdunarodnyye otnosheniya". 1989

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